

2014

**ANNUAL
REPORT**

2015



Communication objective

This annual report provides information about the Public Trustee of Queensland's financial and corporate performance for 2014–15. It has been prepared in accordance with the *Financial Accountability Act 2009*.



The Public Trustee of Queensland is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact us on 1300 360 044 and we will arrange an interpreter to effectively communicate the report to you.

Copies of this publication can be obtained at www.pt.qld.gov.au/publications/corporate.html, by phoning 1300 360 044 or emailing clienteng@pt.qld.gov.au

ISSN 1839 – 1451

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Published by the Public Trustee of Queensland, September 2015,
444 Queen Street, Brisbane Qld 4000.

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The State of Queensland, the Public Trustee of Queensland, annual report 2014–2015.

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444 Queen Street Brisbane Qld 4000
GPO Box 1449 Brisbane Qld 4001

31 August 2015

The Honourable Yvette D'Ath MP
Attorney-General and Minister for Justice
Minister for Training and Skills
Level 18, State Law Building
50 Ann Street
BRISBANE QLD 4000

Dear Attorney-General

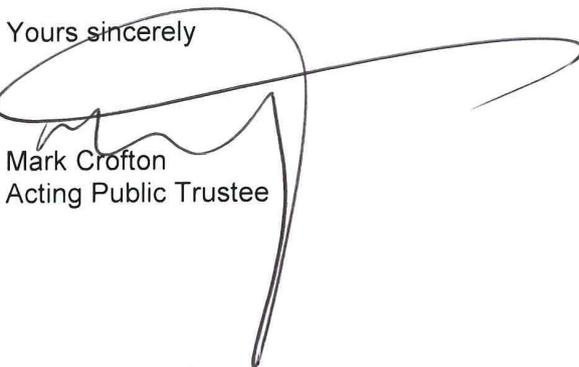
I am pleased to present the Annual Report 2014-2015 and financial statements for the Public Trustee of Queensland.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be accessed at www.pt.qld.gov.au/publications/corporate.html

Yours sincerely



Mark Crofton
Acting Public Trustee

Year in review

The past financial year has seen a continued demand for the services that the Public Trustee of Queensland (Public Trustee) provides to the community. The Public Trustee is the administrator for financial matters for over 8,400 individuals, prepared over 25,000 Wills and nearly 3,000 Enduring Powers of Attorney documents and in addition, received over 2,800 new estates and trusts for administration.

In 2014–15, the Public Trustee has provided approximately \$30.4 M in Community Service Obligations (CSOs) at no cost to the Queensland government. This represents a 6.8% increase on the 2013–14 contribution. Funded from our operations, CSOs include:

- Fees rebated for disadvantaged clients
- Provision of free Wills to Queenslanders
- Contribution to the Office of the Public Guardian and
- Contributions to Civil Law Legal Aid.

This growing reliance on our services is indicative of the changing socio-economic demographics within the community. The ageing population coupled with the increasing complexity associated with client financial assets has required a considered approach when delivering our services.

The National Disability Insurance Scheme (NDIS) represents a significant reform to existing disability support frameworks across all States and Territories. The NDIS will commence in Queensland on 1 July 2016 and will impact many of our clients. The Public Trustee is currently liaising with other Departments and Agencies to ensure a successful transition to this new scheme.

In striving to achieve our vision, to be Queensland's best provider of trustee and administration services, the Public Trustee has commenced a number of initiatives that will enhance the capabilities needed to assist in safeguarding the financial assets of all our clients.

We have implemented Communication Plans for clients. Following the results of the initial client satisfaction surveys, it was recognised that communication with clients, beneficiaries and their support networks needed to be improved. These Plans assist in meeting client expectations. We will continue to make communication a priority in our service delivery.

Unfortunately the need for the awareness campaigns for elder abuse persists. The Public Trustee is a major supporter of awareness campaigns that highlight the fact that too many of our older community members have their finances and lives exploited by those whom they trust.

In 2016, the Public Trustee will mark the centenary of this Office in Queensland. This anniversary will provide an opportunity to reflect on the contribution that the Public Trustee has made to our State and communities. It will also provide a chance to consider the future initiatives of this Office. The increased demand for our services will continue to dominate the strategic direction that the Office is pursuing.

I would like to take this opportunity to acknowledge and thank our dedicated staff who have worked tirelessly over the past year to provide the services that this organisation delivers. The efforts of all staff will continue to ensure that all Queenslanders are supported to live in a safe and caring community.



Mark Crofton
Acting Public Trustee

About the Public Trustee of Queensland

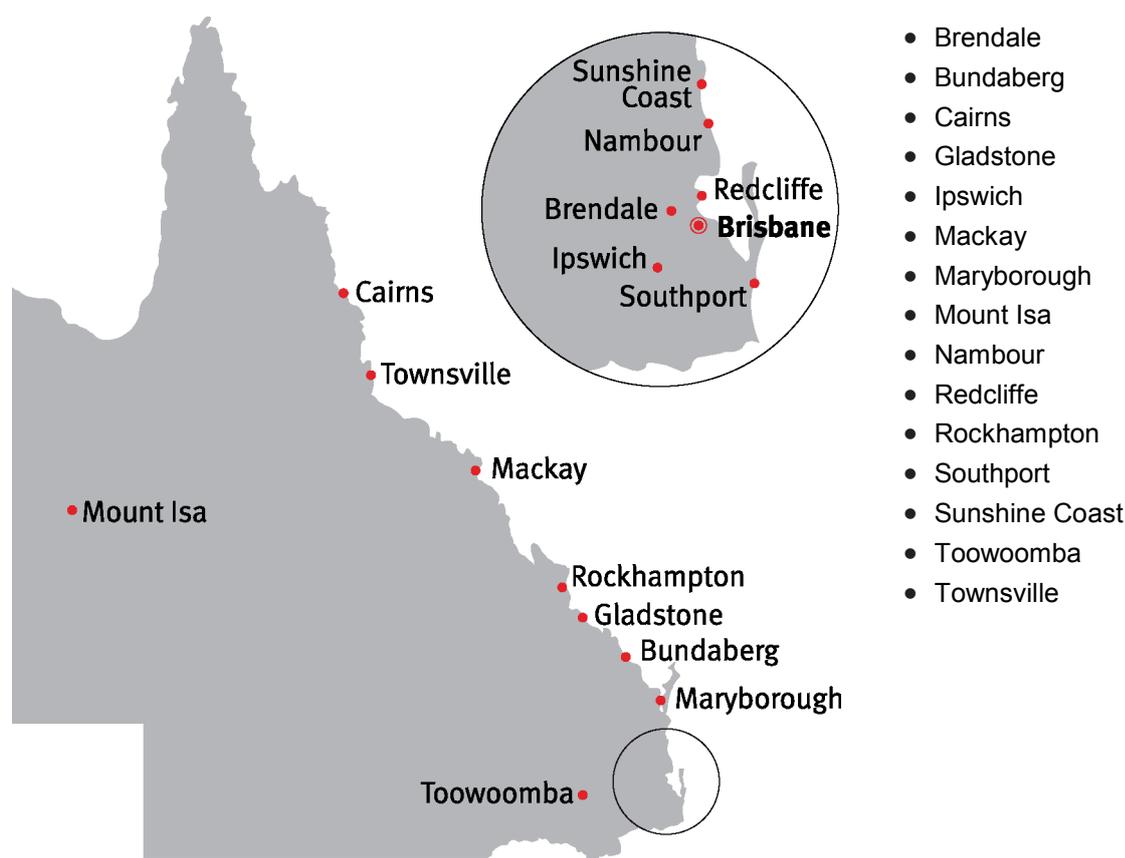
The Public Trustee has been serving Queenslanders since 1916 and is governed by the *Public Trustee Act 1978*. The Public Trustee is self-funding and receives no financial assistance from the Queensland Government. Operating as a corporation sole, we provide financial, trustee and legal services to the people of Queensland.

In providing our services we aim to ensure:

- prudent management of the financial assets of members of the community
- an orderly succession of property between generations with minimum recourse to the court system, and
- assistance to the Queensland community by making Wills free of charge and Enduring Powers of Attorney documents at an affordable cost.

Our locations

We provide our services through a head office at 444 Queen Street, Brisbane, and a network of 15 regional offices in the following locations:



We also provide services outside of the above locations which are supported by the Queensland Government Agent Program (QGAP) and the local court networks.

For contact details of our office locations and where our services are provided outside of our regional office locations, please refer to page 43. Alternatively, you can also visit our website at www.pt.qld.gov.au

Our vision

To be Queensland's best provider of trustee and administration services.

Our purpose

To provide professional and accessible services in:



In addition to our core services, we also provide the following services:

- unclaimed moneys administration for the State of Queensland
- managing the financial affairs of prisoners pursuant to Part 7 of the *Public Trustee Act 1978*
- special functions of a public nature. A complete list of the applicable legislation is on page 38.

Our values

In 2014 we adopted the values of the Queensland Public Sector. The goal of the public sector is to be a high performing, impartial and productive workforce that puts clients and the people of Queensland first.

Pages 30–31 of this report highlight how the Public Trustee is implementing and embedding these organisational values into all areas of our operations.

- Clients first
- Ideas into action
- Unleash potential
- Be courageous
- Empower people

Our achievements

Our key achievements during 2014–15 included:

- provision of a range of CSOs at \$30.4 M at no cost to Government including:
 - fees rebated for some clients with limited assets
 - provision of free Will making service
 - public education in areas such as Wills and Enduring Powers of Attorney documents with an emphasis on planning for life
 - supporting a range of community services such as the Office of the Public Guardian and funding of the Civil Law Legal Aid Scheme administered by Legal Aid Queensland
- continued enhancements to frontline service delivery through the:
 - implementation of structured level one technical training for trust officers as part of a comprehensive training framework. This training is delivered over a six month period
 - development of structured level two technical training for trust officers
 - development of a structured level three technical training for trust officers for implementation in 2015–16

The delivery of the training is the culmination of a three year project to increase the technical skills of trust officers leading to improved client service
- a third annual client satisfaction survey to measure and identify areas for improvement in the provision of services for:
 - deceased estate administration
 - financial management for clients with impaired capacity
- review of the governance arrangements of large charitable trusts to meet changes in the regulatory regime
- planning for the end to end review of deceased estate administration to identify opportunities to improve service delivery
- planning for the creation of a testamentary trust Client Service Centre (CSC) to improve service to clients
- ongoing review of service delivery models and locations to better meet growing and changing demographic needs of Queenslanders
- activating business continuity planning in preparation for severe tropical cyclones Marcia and Nathan to ensure the delivery of services to clients was maintained
- the provision of funding and data to assist in the preparation of the Australian Research Council report on Will making and contestation in Australia
- providing ongoing sponsorship to the Department of Communities Elder Abuse *'Trust your instinct'* campaign
- implementation of improvements to the practices of the Office of the Official Solicitor to increase efficiencies and improve service to clients
- participation in inter-jurisdictional conferences and maintaining key relationships with other Australian Public Trustees
- appointment of a preferred provider for superannuation services for clients
- extension of the revised client investment strategy to more client categories
- partnering with our financial planning service provider to build capability to assess aged care accommodation options
- improved our Information Technology (IT) service delivery capability relating to service operations
- enhanced our IT security and technology health of core information systems

Our strategic direction

Our strategic direction is documented in the Public Trustee of Queensland Strategic Plan 2012–16 (strategic plan) which was updated and approved in June 2015 by the Acting Public Trustee of Queensland and is available on our website. The strategic plan was effective from 1 July 2015 and sets the parameters for our future direction to staff, clients and other stakeholders.

Our strategic plan demonstrates how we will contribute to the achievement of the whole of government objectives for the community, priorities and strategies. It also includes performance indicators determining how our objectives will be measured.

The Queensland Government's objectives for the community are:

1. Creating jobs and a diverse economy
2. Delivering quality frontline services
3. Protecting the environment
4. Building safe, caring and connected communities

The Public Trustee contributes to the Queensland Government's objectives in the following way:

Our clients

Meet the needs of clients in an ethical, professional and responsive way

- continue to maintain our focus on frontline service delivery for our core purpose
- integrate demographic analysis into future service delivery planning and implementation
- provide professional and accessible services
- plan business model to meet growing demand for frontline services
- establish more effective and efficient delivery of services to meet increasing stakeholder demand

Our services

Develop innovative services in a client responsive manner

- continue to meet the growing demand for the delivery of services that assist the community
- drive efficiencies to reduce the costs associated with special purpose functions and unclaimed money
- ensure that investment strategies are prudent, competitive and ethical

Our business

Maintain a viable business model and develop our internal operations to fund a broad range of services at no cost to government

- review the future capacity of the organisation's resources to assist Queenslanders
- develop opportunities to grow our business in areas that complement our core services
- manage the business model through an efficient use of resources
- investigate opportunities within existing business practices to support the continued viability of the organisation
- raise the public image and profile of the organisation through sustained community engagement
- promote openness and transparency in our decision-making

Our people

Develop and maintain an engaged workforce

- attract and retain key personnel in a competitive labour market
- enhance the skill of our people to promote higher levels of customer service and productivity
- create opportunities for professional development within the organisation
- develop knowledge pathways to support future advancement of staff within the organisation
- promote a healthy workforce and maintain a safe work environment

These strategies are necessary to maintain our frontline service delivery commitment to the people of Queensland and support our initiatives that contribute to the Queensland Government's objectives for the community.

Our future priorities

To support our strategies, a number of key priorities for 2015–16 have been identified including:

- providing ongoing financial management for Queenslanders with impaired financial decision making capacity
- continued provision of a range of CSO's at no cost to Government
- investment in the enhancement of technology and continual review of service delivery models and locations to better meet growing and changing demographic needs of Queenslanders
- investment in upgrading facilities at regional offices to better service clients
- enhancement of frontline service delivery in response to client satisfaction survey outcomes
- completing the end to end review of deceased estate management
- undertaking an end to end review of financial management activities to identify opportunities for improvement
- providing services to the philanthropic sector.

Our key challenges

In 2015–16, we will continue to deliver effective and efficient frontline service delivery by ensuring our business model is capable of meeting the increasing demand for our core services. The expected increase in demand for services is a result of the effect of the 'Baby Boomer' generation reaching retirement age. This generation controls much larger and more complex asset structures than any previous generation and are expected to live longer than previous generations. These factors will continue to drive an increase in clients requiring assistance in managing their financial affairs and the administration of deceased estates.

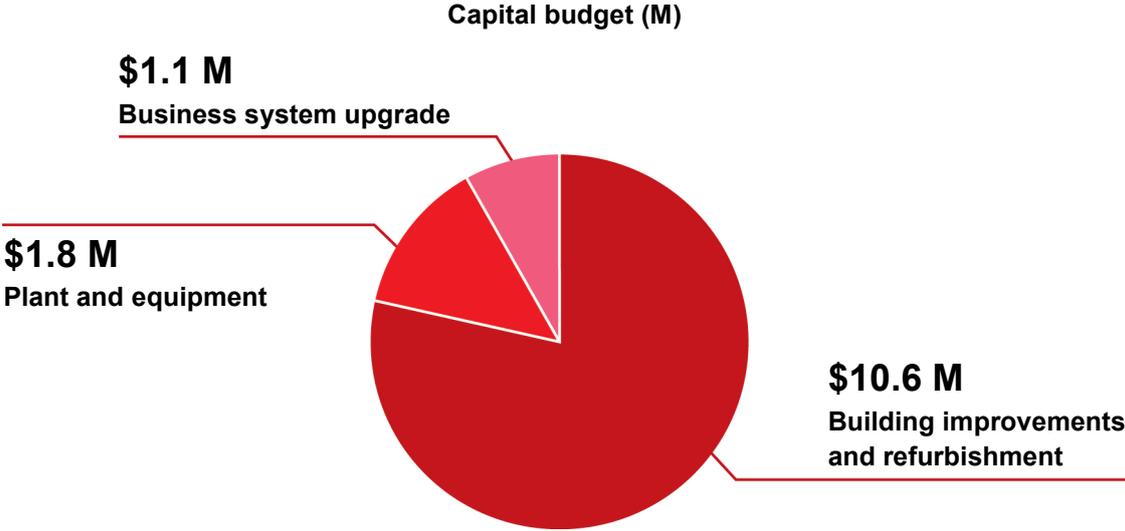
The key challenges to achieving our core commitments are:

- improving efficiency and effectiveness of frontline service delivery to meet increasing client expectations
- increasing demand for services that attract a CSO
- growing reliance on our services to meet demand resulting from the changing socio-economic demographics
- refining our business model to meet increasing complexity associated with client needs
- maintaining community confidence in the quality and value of the services we provide.

Our 2015–16 budget highlights

We are committed to meeting the Government objectives to provide quality and efficient services to our clients. We continue to redevelop regional offices to improve efficiency of frontline service delivery and accessibility to all clients, as well as continuing to maintain appropriate workplace health and safety standards for clients and staff.

During 2015–16 capital expenditure is estimated to be **\$13.5 M** which includes:



Non-financial performance

Our objectives for the 2014–15 reporting period are contained in the Public Trustee’s Strategic Plan 2012–16 for the 2014–15 reporting period.

Objectives and performance indicators

Below are our achievements against the Queensland Government's objectives for the 2014–15 reporting period.

Our clients

Meet the needs of our clients in an ethical, professional and responsive way

- delivered over \$30.4 M in CSOs at no cost to the Queensland Government including:
 - fees rebated for some clients with limited assets
 - free Will making service
 - public education in areas such as Wills and Enduring Powers of Attorney document with an emphasis on planning for life
 - support for a range of community services such as the Office of the Public Guardian and funding of the Civil Law Legal Aid Scheme administered by Legal Aid Queensland
- made 25,093 Wills and 2,966 Enduring Powers of Attorney for Queenslanders
- provided financial administration services for 8,403 adults with incapacity for decision making as at 30 June 2015
- commenced procurement for the end to end review of deceased estate administration to identify opportunities to improve service delivery
- contributed funding to the Department of Communities, Child Safety and Disability Services' campaign against elder abuse
- the third annual client satisfaction survey to measure and identify areas for improvement in the provision of services:
 - for deceased estate management
 - for financial management for clients with impaired capacity.

Our services

Develop innovative services in a client responsive manner

- planned for the creation of a testamentary trust Client Service Centre to improve service to clients
- maintained our outreach services to ensure Queenslanders can access our services
- broadened the client base for client investment strategies
- achieved our Will making target and continued to implement strategies to increase our appointment rate.

Our business

Maintain a viable business model and develop our internal operations to fund a broad range of services at no cost to government and in line with government objectives

- ongoing review of service delivery models and locations to better meet growing and changing demographic needs of Queenslanders
- reviewed the governance arrangements of large charitable trusts to meet changes in the regulatory regime
- a strong financial performance
- implemented recommended improvements to the practices of the Office of the Official Solicitor to increase efficiencies and improve service to clients.

Our people

Develop and maintain a committed workforce

- implementation of technical training for trust officers as part of a comprehensive training framework including:
 - level one technical training for A03 and A04 trust officers. This training is delivered over a six month period
 - development of a structured level two technical training for trust officers for implementation in 2015–16
 - development of a structured level three technical training for trust officers for implementation in 2015–16. The delivery of the training is the culmination of a three year project to increase the technical skills of trust officers leading to improved client service
- supporting line managers in inducting new employees, by providing the following resources on our intranet:
 - induction guidelines
 - induction planner, and
 - new employee induction manual

The induction manual provides a comprehensive overview of the environment in which an employee will work, their employment conditions and expected behaviour and conduct.

highlight

Supporting campaign to end elder abuse

In 2015, the Public Trustee partnered with the Department of Communities to support the '*Trust your instinct*' campaign to increase awareness of this critical issue in order to end elder abuse in our communities.

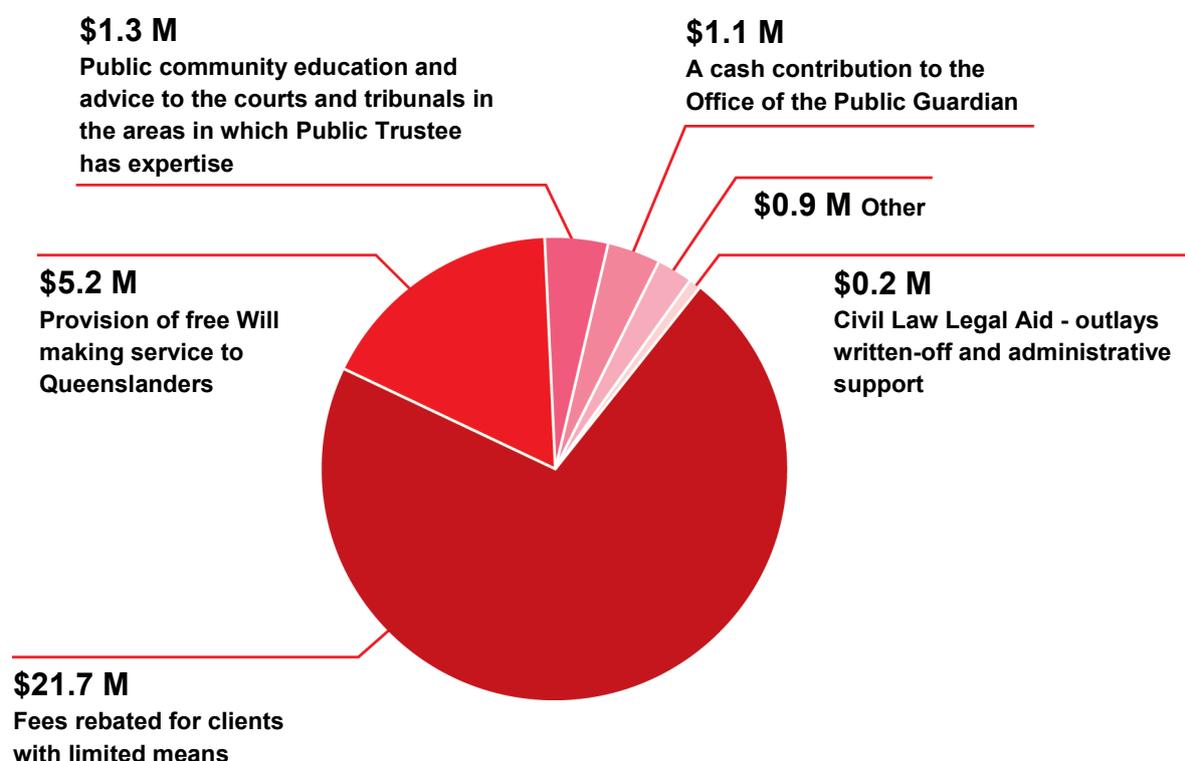
The '*Trust your instinct*' campaign is a Queensland-wide initiative which incorporates advertising, social media, posters and helpcards distributed by community services and campaign partners. The campaign was centred upon World Elder Abuse Awareness Day on 15 June and encouraged people affected to call the Elder Abuse Helpline for advice and support on effective responses.

The Public Trustee was proud to once again continue support of this important prevention initiative in our community. The Public Trustee's support, in the form of a \$20,000 sponsorship, included:

- financial support for Facebook advertisements to engage a wider, more diverse audience in discussions about elder abuse
- the mail-out of campaign posters and helpcards to approximately 5,000 community organisations and services across Queensland to ensure awareness of this campaign.

Community Service Obligations

A range of CSOs have been provided including:



The total cost of CSOs delivered for the 2014–15 financial year was \$30.4 M representing an increase of 6.8% from the previous financial year which was \$28.4 M. An amount of \$31.4 M is budgeted for 2015–16.

Category of CSO	2014–15 Actual	2015–16 Budget
Fees rebated for clients with limited means	\$21,669,152	\$23,372,822
Fees rebated for principal residence and other	\$851,940	\$735,497
Management of prisoners' affairs	\$135,720	\$158,540
Public community education and advice to the courts and tribunals in the areas in which Public Trustee has expertise	\$1,269,156	\$1,034,906
Provision of free Will making service to Queenslanders	\$5,155,104	\$4,693,014
A cash contribution to the Office of Public Guardian	\$1,096,000	\$1,136,044
Civil Law Legal Aid - outlays written-off and administrative support	\$185,045	\$226,120
Total	\$30,362,117	\$31,356,943

CSOs are reported in our Financial Statements in two areas:

- deduction from fee revenue (\$29.1 M 2014–15) where they are a rebate of fees or services provided at no charge, and
- expenditure (\$1.3 M 2014–15) as contributions towards other sector operations.

Service delivery

The Public Trustee is required to plan service delivery to measure and monitor the efficiency and effectiveness of the services we deliver. Service delivery uses internal capabilities such as human resources, financial, information and information communication technology. Service delivery is measured using service standards and other measures. The Public Trustee sets service standards and other measures and publishes our expected results in our Service Delivery Statements (SDS) as part of our budget papers. Actual results are published in our annual report.

By measuring performance, the extent to which the Queensland Government services are creating value can be determined.

Our service areas and service standards

Client Services is the frontline interface with our clients and the community. The Public Trustee strives to make a positive difference in the lives of our clients while ensuring we fulfil our fiduciary responsibilities.

In accordance with the Government's guidelines for Whole of Government, the SDS now only discloses service standards that relate to the efficiency and effectiveness of services.

Service area objective

To deliver a full range of professional, accessible and reliable trustee, financial and related services that meet client needs.

Services and service area description

The major services provided by Client Services are:

 Deceased estate administration	 Financial management	 Will making service
The Public Trustee acts as executor in deceased estate matters and as trustee pursuant to Wills or on intestacy.	The Public Trustee acts as an administrator for financial matters for clients with impaired capacity for decision making pursuant to the <i>Guardianship and Administration Act 2000</i> or as a financial attorney pursuant to the <i>Powers of Attorney Act 1998</i> .	Wills are prepared free of charge for all Queenslanders.

This table outlines our performance against three service measure targets and three service standards.

Service Standards	Notes	2014–15 Estimated Target	2014–15 Estimated Actual	2014–15 Actuals
Service: Deceased Estate Administration				
<i>Effectiveness measure</i> Overall client satisfaction with deceased estate administration service as measured by client satisfaction index	1	70%	70%	71.09%
<i>Efficiency measure</i> Percentage of deceased estates administered within target timeframe	2	70%	65%	71.45%
Service: Financial Management				
<i>Effectiveness measure</i> Overall client satisfaction with financial management service as measured by client satisfaction index	3	70%	70%	76.81%
<i>Efficiency measure</i>	4			
Service: Will Making Service				
<i>Effectiveness measure</i> Overall client satisfaction with Will preparation services as measured by client satisfaction index	5	90%	90%	95.6%
<i>Efficiency measure</i>	4			

Notes:

1. The satisfaction index is calculated by an independent market research provider on an annual basis. The index is calculated by summing 50% of overall satisfaction score and 50% of the single overall weighted satisfaction factors score to obtain a total index score.
2. The estimated actual is lower than target due to the impact of a major initiative to complete older matters that have not met target timeframes. Whilst this will have an impact in the 2014–15 year it is expected that the 2015–16 results will exceed target as a result of this and other initiatives implemented.
3. This was a new measure introduced in 2014–15. The satisfaction index is calculated by an independent market research provider on an annual basis. The index is calculated by summing 50% of overall satisfaction score and 50% of the single overall weighted satisfaction factors score to obtain a total index score.
4. An efficiency measure is being developed for this service and will be included in a future Service Delivery Statement.
5. All clients having a Will prepared with the Public Trustee receive a Wills Questionnaire. The Wills Questionnaire contains eight questions relating to the quality of the Will making service provided. Six of the eight questions in the survey relate to quality of the service provided. The remaining two relate to the delivery of the service. The overall satisfaction level is calculated as a percentage of positive responses to total number of responses received.

The following table provides a summary report of our performance against relevant outcomes previously included in our Service Delivery Statement.

Service outcomes for 2013–14	2014–15 Target	2014–15 Actual
Number of deceased estate matters received for administration	2,360	2,156
Number of disability client matters under administration	8,401	8,403
Cost of managing the commercially uneconomical affairs of people with a disability	\$21.7 M	\$21.7 M
Number of Enduring Powers of Attorney documents prepared	3,900	2,966
Number of Wills prepared	25,525	25,093

Philanthropic charitable trusts

The Public Trustee is trustee for the following leading philanthropic charitable trusts in Queensland.



Queensland Community Foundation

The Queensland Community Foundation (QCF) was established in 1997 to provide a permanent source of philanthropic funding for charitable organisations to enable them to respond to the needs of the Queensland community.

The QCF continued to grow in 2014–15 and now has funds under management exceeding \$65 M. During the year, QCF paid distributions to a broad range of charities in excess of \$2.6 M.

For further information visit www.qcf.org.au

QCF Sub Fund: Gulf Area Community Social Development

Established under the umbrella of the QCF in 2000, this sub fund has in excess of \$6 M funds under management.

The sub fund supports the Gulf Area Community by providing grants to projects and initiatives that encourage educational, health, cultural and social development.



Queensland Aboriginal and Torres Strait Islander Foundation

The foundation was established in 2008 and provides a secure, independent and perpetual funding source to advance the education of Aboriginal and Torres Strait Islander children and young people in Queensland through provision and promotion of scholarships.

Scholarships of more than \$2.2 M for 1,219 Indigenous students from 180 Queensland high schools were approved in 2014–15. A total of 3,700 students have been approved for scholarships since the foundation commenced in 2008.

For further information visit www.qatsif.org.au



Lady Bowen Trust

Established in 2006, the trust aims to re-engage people experiencing chronic homelessness so they achieve genuine, positive and lasting outcomes. The trust supports Mission Australia which maintains Roma House, a facility to enhance clients' life skills, confidence and resilience while assisting them to find secure accommodation.

The trust has net assets of approximately \$4.8 M funds under management.

During 2014–15, the ongoing support of Roma House and grant funding totalled \$172, 500.

For further information visit www.ladybowentrust.org.au



Forde Foundation

The Forde Foundation was established in August 2000 in response to the findings of the *'Commission of Inquiry into Abuse of Children in Queensland Institutions'*, better known as the Forde Inquiry. The foundation is designed to support former residents of Queensland institutions. Financial support is provided to individuals for specific purposes such as dental care, education, training and personal development opportunities.

The foundation has funds under management of approximately \$4.1 M, with distributions totalling \$212,000 in 2014–15.

For further information visit www.fordefoundation.org.au



Gladstone Foundation

Established in early 2011, the foundation allows for industry funds to be channelled into this perpetual trust to provide social infrastructure and service needs in the Gladstone Region.

Specific purposes of the trust are relieving poverty, assisting the aged, relieving sickness or distress, advancing religion and education, providing child care services on a non-profit basis and other purposes which benefit the Gladstone Region.

Initial capital received by the Trust was \$13.5 M. Grants approved in grant round one were \$4.6 million. At 30 June 2015, the net assets of the Foundation stood at \$11.9 M. After taking into account the balance of round one commitments to be paid, the balance of uncommitted funds at 30 June 2015 was \$10.05 million.

For further information visit www.gladstonefoundation.org.au

highlight

Indigenous students benefit from scholarship funding

The Public Trustee is proud to be the trustee of the Queensland Aboriginal and Torres Strait Islander Foundation (QATSIF). QATSIF is a foundation established to provide young Aboriginal and Torres Strait Islander Queenslanders with financial assistance in the final years of their secondary education.

QATSIF was established in 2008 by the Queensland Government through the Department of Aboriginal and Torres Strait Islander Partnerships and Multicultural Affairs. QATSIF was established with the proceeds from the Aborigines Welfare Fund and the Indigenous Wages and Savings Reparations Scheme.

During 2014–15, scholarships of more than \$2.2 M for 1,219 Indigenous students were approved.

Since its establishment, QATSIF has provided scholarship funding to over 3,700 students through 430 independent and State high schools throughout Queensland. In total, more than \$9.5 M in scholarship funding has been provided since the trust was established.

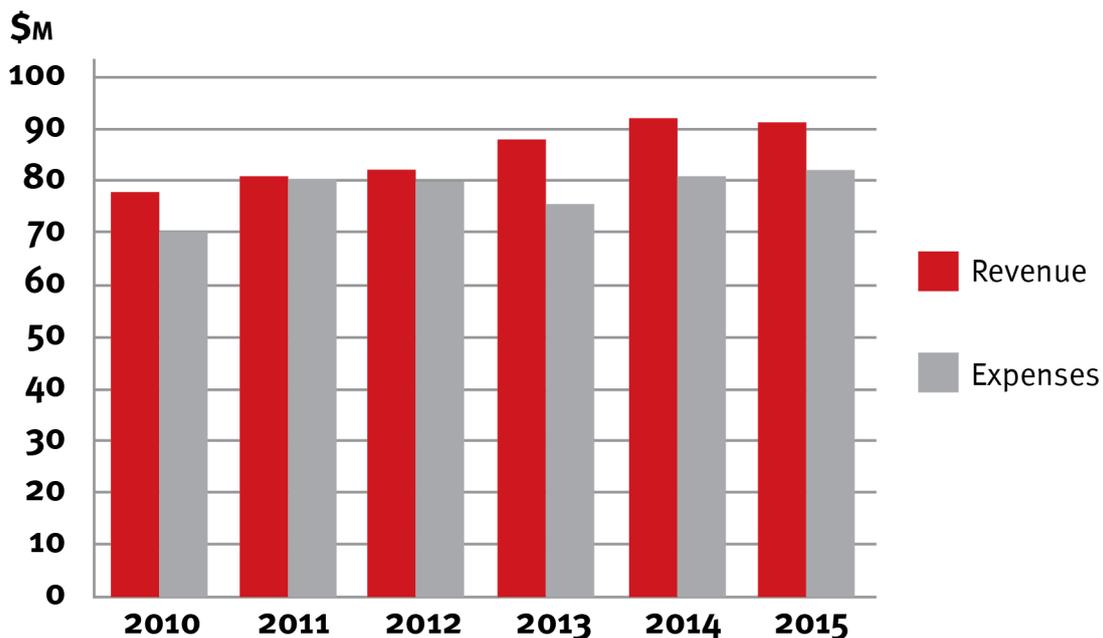
Financial performance

The Public Trustee's Financial Statements are included from page 46.

The Public Trustee has achieved a strong financial result for 2014–15 recording an operating surplus of \$9.5 M. The financial performance benefited from savings in employee expenses due to the Public Trustee being ruled exempt from payroll tax from 1 July 2014, higher than expected unclaimed moneys fees and the receipt of insurance proceeds relating to a business disruption event that occurred during the previous financial year.

A summary of our revenue and expenditure over the last six years is as follows.

Revenue & Expenses



Revenue Sources	2013–14	2014–15
Fees and Charges	58%	57%
Interest Revenue	36%	37%
Other Revenue	6%	6%
Total Revenue	100%	100%

Gross revenue from fees and charges increased by 1% from the previous year. The majority of CSO are deducted from gross fees to arrive at net fees and charges reported in the financial statements, with the remaining CSO amount recorded in contributions expense. This year, we provided a total of \$30.4 M in CSO at no cost to the Queensland community which was a 6.8% increase from the previous year. The main driver of the increase in CSO was a 7.1% increase in fees rebated for disadvantaged clients. As the Public Trustee is self-funded, these obligations were met from our own sourced revenue.

Interest revenue was broadly in line with the previous year. Other revenue increased by 6.0% from the previous year and included proceeds from insurance claims totalling \$1.1 M primarily relating to a business disruption event that occurred during the 2013–14 financial year.

Expenditure	2013–14	2014–15
Employee Expenses	57%	55%
Supplies and Services	22%	21%
Interest Expense	16%	18%
Depreciation and Amortisation	2%	2%
Contributions	2%	2%
Other Expenses	1%	2%
Total Expenditure	100%	100%

Total expenses increased by 1% from the previous year. Non-employee expenses increased by 5.7%. This increase was due to an increase in interest paid to clients which was driven by an increase in clients funds held in the Common Fund resulting from further implementation of a revised client investment strategy for clients with limited assets. This revised investment strategy has a focus on capital preservation and has resulted in more clients' funds being invested in the Common Fund.

Employee expenses decreased by 2.4% during the year due to the Public Trustee being ruled exempt from payroll tax from 1 July 2014.

Other Comprehensive Income

The Public Trustee holds interests in financial assets and various land and buildings located throughout the state, from which its offices operate. These assets are recorded at fair value and are revalued periodically in accordance with Australian Accounting Standards. The gains and losses that result from these revaluations are recorded as other comprehensive income in the statement of comprehensive income.

All land and buildings in the Common Fund were comprehensively revalued during the 2013–14 financial year. During 2014–15, land and building values were updated using indexation which resulted in a \$1.1 M increase in the asset revaluation reserve. The market value of the Public Trustee's financial assets recorded unrealised losses of \$1.1 M in a volatile market environment. These factors resulted in total other comprehensive income of \$0.1 M for 2014–15, which combined with the operating surplus, resulted in total comprehensive income of \$9.5 M for 2014–15.

Statement of Financial Position

Total Assets

Total assets comprise:

- financial instruments (mainly short to medium term investments)
- cash
- property, plant and equipment.

As at 30 June 2015, the Public Trustee held \$906 M in assets, an increase of \$78 M from 2014, mainly due to an increase in amounts held on behalf of clients in the Common Fund. The increase is attributed to the further implementation of a change in investment strategy for clients with limited assets referred to earlier.

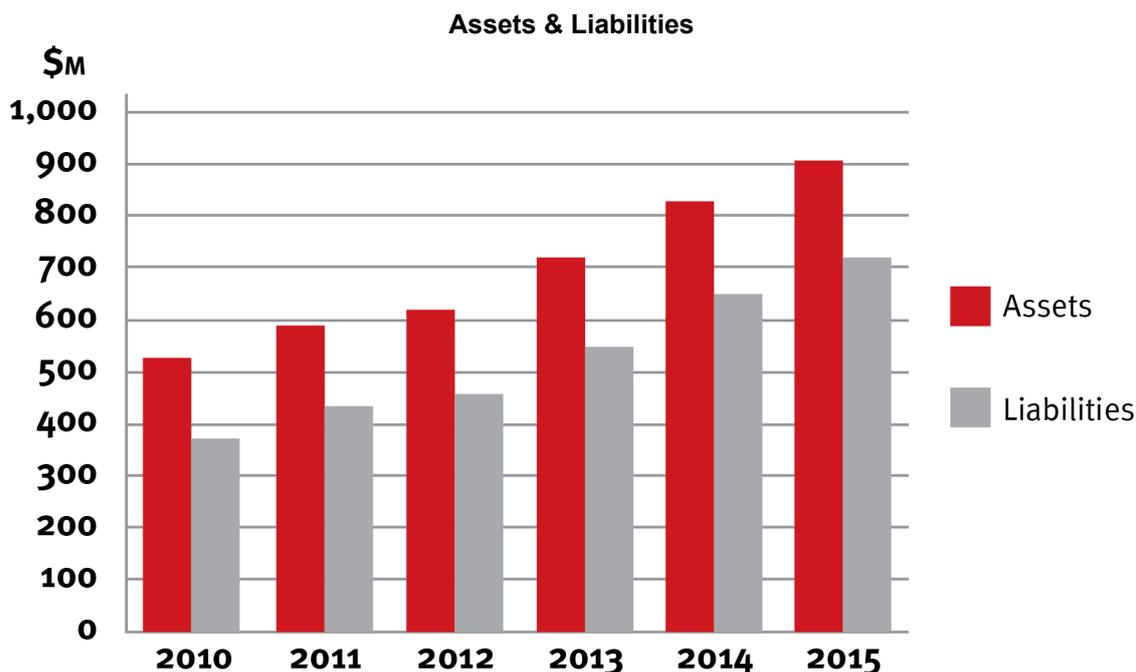
Total Liabilities

The Public Trustee's liabilities include amounts held for clients, amounts owing to employees for leave entitlements and amounts owed to suppliers.

Total liabilities were \$717 M as at 30 June 2015, an increase of \$69 M since the previous year. The increase in liabilities is mainly due to the increase in amounts held on behalf of clients due to the further implementation of a change in investment strategy noted earlier.

Statement of Changes in Common Fund Reserves

Total Common Fund reserves are \$188 M as at 30 June 2015, which is an increase of \$10 M from the prior year. This is due to the strong operating surplus achieved driving the 2014–15 financial year.



Prospective Outlook

A small budgetary surplus is forecast for 2015–16 financial year. This accommodates increasing the front line services for better serving our clients.

Chief Finance Officer Statement

Our Chief Finance Officer (CFO) has fulfilled the responsibility as required by the *Financial Accountability Act 2009*. The CFO has provided the Public Trustee of Queensland with a statement about financial controls, in accordance with *Section 57* of the *Financial and Performance Management Standard 2009*. This statement was noted by the Audit and Risk Management Committee (ARMC).

Public Trustee of Queensland Investment Funds

The Public Trustee of Queensland Investment Funds (PTIF) comprise four unit trusts:

- Public Trustee of Queensland Conservative Fund (Conservative Fund)
- Public Trustee of Queensland Growth Trust (Growth Trust)
- Public Trustee of Queensland Higher Growth Trust (Higher Growth Trust)
- Public Trustee of Queensland Australian Equities Fund (Australian Equities Fund).

The PTIF were established to provide our clients and investors with the opportunity to have their funds managed by the Public Trustee with the expert assistance of a professional investment manager. The Public Trustee is the manager and trustee of the PTIF and is responsible for determining the investment objectives and strategy of the PTIF, arranging for the proper investment of all monies and ensuring the appointed investment manager achieves acceptable rates of return. The Public Trustee has appointed QIC Limited ACN 130 539 123 (QIC) as the investment manager of the PTIF.

The funds gain exposure to various asset classes and investment sectors, appropriate to their specific objectives and risk appetite, by investing in a number of wholesale trusts operated by QIC. The objective of each fund is outlined as follows:

- **Conservative Fund** - to protect the value of an investor's capital while achieving a higher return in the medium to longer term than could be achieved by solely investing in interest bearing securities
- **Growth Trust** - to provide a fully diversified investment strategy for those seeking long-term income and capital growth
- **Higher Growth Trust** - to provide a fully diversified investment strategy for those investors seeking income and long-term capital growth
- **Australian Equities Fund** - to capture the performance of the Australian share market for those investors seeking income and long-term capital growth by investing in securities listed or about to be listed on the Australian Stock Exchange.

The investment objective of each of the individual funds and performance for the applicable period ending 30 June 2015 is as follows:

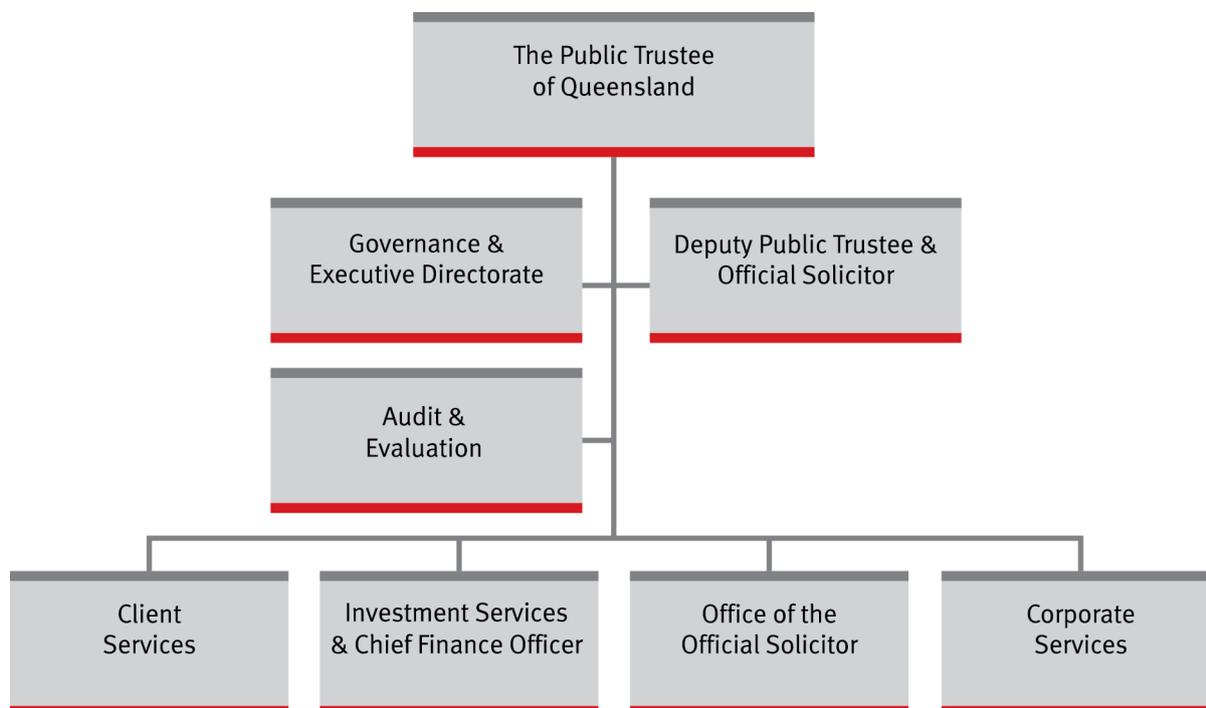
Fund	CPI Objective (after fees)	Objective Target Return (%)	Annualised Return (%)
Conservative Fund	CPI + 1.6% over rolling 5 years	3.9	6.2
Growth Trust	CPI + 1.9% over rolling 10 years	4.6	4.8
Higher Growth Trust	CPI + 2.4% over rolling 10 years	5.1	4.9
Australian Equities	CPI + 3.8% over rolling 10 years	6.5	5.4

In previous years, the Public Trustee's annual report attached the financial statements of the PTIF which incorporated the financial performance of all four PTIFs. During June 2015, the Public Trustee determined to close the Conservative Fund, the Australian Equities Fund and the Higher Growth Trust. It is expected that these funds will be terminated by the end of 2015.

As a result, the Public Trustee annual report only includes financial statements for the Growth Trust which have been prepared on a standalone basis this financial year for the reasons outlined above. The final financial statements for the Conservative Fund, the Australian Equities Fund and the Higher Growth Trust will be published on the Public Trustee's website once they are finalised.

Further information on the Growth Trust is available in its Product Information Statement and additional information which are available on our website at www.pt.qld.gov.au/investments/funds.

Management and structure



Executive management

Mark Crofton

Acting Public Trustee of Queensland

Mark Crofton was appointed the Acting Public Trustee of Queensland upon the expiration of the term of the former Public Trustee of Queensland, Mr Peter Carne. The acting arrangement will remain until the appointment of a permanent Public Trustee of Queensland.

Prior to being appointed as the Acting Public Trustee, Mark was both Deputy Public Trustee and the Official Solicitor. In the latter role Mark headed our in-house legal practice that provides legal support to the Public Trustee and our clients. Mark has a Bachelor of Arts and Bachelor of Laws (Hons) from the University of Queensland and a Masters of Laws from Queensland University of Technology and was a 2011 Churchill Fellow. He has extensive experience practising law in both the private and public sectors and has spent a large part of his career undertaking legal work in relation to succession, trusts and clients with a disability.

Tony Steinmetz

Executive Director Client Services

Tony Steinmetz has been working in the trustee field for over 38 years, firstly with the Public Trustee NSW where he was Deputy Public Trustee and General Manager Client Services, and now at the Public Trustee. He has a wealth of experience in the personal trustee field including investment management. He also holds tertiary qualifications in law and management.

In his role, Tony directs the delivery of the Public Trustee Client Services across Queensland through a network of regional offices together with associated agent representatives. Tony strongly supports the vital role trustees play in ensuring the interests of clients are protected.

Tim Murphy

Executive Director Investment Services and Chief Finance Officer

Tim Murphy commenced in June 2012 as Executive Director Investment Services and Chief Finance Officer, and is responsible for the financial management and investment frameworks of the Public Trustee. Following the departure of Christina Murdoch, the former Executive Director Corporate Services, in October 2014, Tim assumed managerial responsibility for the programs within Corporate Services, including Information Services, Human Resources, Property and Marketing.

Tim is a chartered accountant and has extensive experience in the financial services industry in leadership and management roles including audit, finance, investment management, financial planning and risk and compliance. Tim also has previous specific experience working in the trustee industry. During this time he held a number of senior management positions in finance, risk and compliance, investment management and general management.

Caroline Hannigan

Director Governance and Executive Directorate

Caroline Hannigan is the Director Governance and Executive Directorate and is responsible for all matters relating to internal governance and external conformation of the organisation. Caroline provides direction to support the strategic and operational objectives of the organisation through risk, planning and performance monitoring. In her role, Caroline ensures that the ongoing accountability and necessary compliance framework is delivered within the organisation.

Caroline is a certified practising accountant with experience in financial management and external and internal audit. Caroline is committed to achieving better practice in governance within the organisation.

Kathryn Williams

Acting Official Solicitor

Kathryn Williams has been the Acting Official Solicitor from March 2014. The Office of the Official Solicitor provides in-house legal advice to the Public Trustee in his many and varied capacities.

Kathryn has a Bachelor of Laws (Hons) from the Queensland Institute of Technology (now known as the Queensland University of Technology). Kathryn joined the Public Trustee in 1991 after having worked in private practice following her admission as a solicitor in 1987. Kathryn has considerable experience in the laws relevant to the core business areas of the office (succession, trusts and clients with a disability).

Senior internal management committees

The Public Trustee has an array of internal committees established and developed in order to support all areas of operation. The committees have varying roles and functions and are established for specific purposes either because of a legislative imperative or in response to the needs of the organisation.

Internal committees play an important role in helping to meet compliance obligations.

Committees are an integral part of our governance arrangements that also include performance reporting and internal and external conformance to ensure that better practice and standards are applied and adhered to in all areas of our operations.

Executive Management Team

The Executive Management Team (EMT) is the most senior team in the organisation. The role of EMT is to provide leadership within the organisation by:

- ensuring that the organisation continues to make a difference to the lives of Queenslanders and supports Government community objectives
- determining the corporate vision and strategic direction
- building organisational capability
- ensuring the future sustainability of the organisation
- responsible for organisational governance including risk management.

Membership of the EMT is determined by the Public Trustee. The members for the 2014–15 reporting period were:

- Public Trustee of Queensland (Chair)
- Official Solicitor
- Executive Director Client Services
- Executive Director Investment Services and Chief Finance Officer
- Executive Director Corporate Services
- Director Governance and Executive Directorate.

The EMT met 23 times during 2014–15.

Organisational Performance Group

The role of the Organisational Performance Group (OPG) is to coordinate the development and review of the strategic plan and to monitor ongoing organisational performance. Members provide advice and recommendations to the Chair and the group reports to the EMT.

The core functions of the OPG are to:

- monitor and review organisational performance against delivery of existing priorities and ensure appropriate action is being undertaken to address any performance issues
- contribute to the ongoing development and implementation of the strategic plan
- undertake information gathering for future developments that may impact on the strategic direction to inform future priorities
- promote and maintain links with other organisational committees to ensure the alignment of planning activities.

Membership of the OPG is determined by the Public Trustee. The members for the 2014–15 reporting period were:

- Public Trustee of Queensland (Chair)
- Official Solicitor
- Executive Director Client Services
- Executive Director Investment Services and Chief Finance Officer
- Executive Director Corporate Services
- Director Governance and Executive Directorate
- Director Finance
- Director Investment Services
- Director Property
- Chief Information Officer
- Director Estate and Trust Management
- Director Disability Services
- Director Client Services, Capability and Performance
- Director Estates
- Director Human Resources
- Deputy Official Solicitor.

OPG met 11 times during 2014–15.

Workplace Health and Safety Committee

The primary function of the Workplace Health and Safety Committee is to ensure compliance with the *Work Health and Safety Act 2011*.

Members of the committee were:

- Director Human Resources (Chair)
- Director Property
- Director Client Services Capability and Performance
- Director Investment Services
- Director Legal Services
- Manager Workplace Environment and Business Support (acting chair when Director is not available)
- Trained Safety Advisor(s)
- Rehabilitation and Return to Work Co-ordinator
- Workplace Health and Safety Representatives (from each location)
- Regional Managers (all invited).

The committee met four times during 2014–15.

Establishment Review Committee

The primary function of the committee is to consider vacancies (both temporary and permanent) and proposal for higher duties, secondments (in and out) and the use of temporary employees on a case by case basis to establish criticality to fill positions, aligned with the government's principles.

Members of the committee were:

- Executive Director Corporate Services (Chair)
- Executive Director Client Services
- Executive Director Investment Services and Chief Finance Officer
- Director Human Resources
- Manager Workplace Environment and Business Support (secretariat)
- Senior Human Resource Officer (secretariat).

The committee met on a weekly basis and in total 50 times during 2014–15

Information Steering Committee

The Information Steering Committee is responsible for:

- providing whole-of-agency leadership, strategic direction and oversight in the planning and delivery of information and communications technology (ICT) related initiatives
- providing assurance that information management and ICT is being appropriately governed to ensure return on investment through effective delivery of approved initiatives.

Members of the committee were:

- Executive Director Corporate Services (Chair)
- Chief Information Officer
- Executive Management Team
- Client Services nominee
- Finance and Investment Services nominee
- Project Management Office (PMO) nominee

The committee met four times during 2014–15.

Strategic Asset Management Committee

The key objective of the Strategic Asset Management Committee is to oversee the development, review and revision of the Public Trustee's asset management plan and monitor progress of key initiatives.

Members of the committee are:

- Executive Director Investment Services and Chief Finance Officer (Chair)
- Executive Director Corporate Services
- Executive Director Client Services
- Director Property
- Director Client Services Capability and Performance
- Chief Information Officer
- Director Investment Services
- Director Finance
- Director Governance and Executive Directorate
- Managing Lawyer.

The committee met six times during 2014–15.

The Insurance Sub-Committee supports the Strategic Asset Management Committee through the provision of strategic and risk management advice in relation to the management of client and corporate insurances held by the Public Trustee. Members of the insurance sub-committee are:

- Executive Director Investment Services and Chief Finance Officer (Chair)
- Executive Director Corporate Services
- Executive Director Client Services
- Director Property
- Director Governance and Executive Directorate
- Managing Lawyer.

The Insurance sub-committee met six times during 2014–15.

Boards and committees with external membership

Public Trust Office Investment Board

The Public Trust Office Investment Board (the Investment Board) is responsible for controlling and managing the investments of the Common Fund pursuant to section 21(1) of the *Public Trustee Act 1978*. The Investment Board also provides advice to the Public Trustee on the investment management of the Public Trustee of Queensland Investment Funds.

During the 2014–15 year the Investment Board:

- reviewed the credit policy, taking into consideration the risk appetite of the organisation and the counterparty risks that prevail in the global financial environment
- reviewed the operating limits for interest rate risk
- approved and monitored the investment strategy of the Common Fund taking into consideration the historically low yield environment
- endorsed the interest rates payable to clients
- provided advice to the Public Trustee on the strategic review of the Public Trustee of Queensland Investment Funds
- undertook *Code of Conduct for the Queensland Public Service* (Code of Conduct) training as adopted by the Investment Board.

During the 2014–15 year the members of the Investment Board were:

- Mr Mark Crofton, Acting Public Trustee of Queensland (Chair) – attended 5 meetings
- Mr Henry Smerdon, Consultant and former Under Treasurer – attended 5 meetings
- Mr Neville Ide, Financial Consultant – attended 5 meetings
- Mr Walter Ivessa, Assistant Under Treasurer, Queensland Treasury (replaced by Mr Warwick Agnew) – attended 1 meeting
- Mr Warwick Agnew, Chief Operating Officer, Queensland Treasury (appointed by Governor-in-Council, 21 November 2014) – attended 3 meetings.

Pursuant to the *Public Trustee Act 1978*, the Investment Board must consist of at least three members one of whom shall be the Public Trustee of Queensland and one of whom shall be an officer of the department administered by the Treasurer.

Remunerated committee members	Amount
Mr Henry Smerdon	\$1,795
Mr Neville Ide	\$1,795
Total	\$3,590

The Investment Board met five times during 2014–15.

Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) is an independent advisory body established to assist the Public Trustee of Queensland in fulfilling his responsibilities as the Accountable Officer under the *Financial Accountability Act 2009*.

The committee operates under a terms of reference established according to Queensland Treasury's best practice guidelines. The committee has assisted with reviewing:

- financial statement preparation processes and oversight
- the risk management framework
- the fraud and corruption control framework
- internal audit plans for endorsement
- actions from internal and external audit reviews.

Voting members of the committee were:

- Mr Stephen Maitland, OAM, RFD (External Chair)
- Ms Lisa Dalton (External Representative)
- Mr Glenn Poole (External Representative)
- Nominated Representative of the Public Trustee*.

Standing invitees of the committee are:

- The Public Trustee of Queensland
- Executive Director Investment Services and Chief Finance Officer
- Director Governance and Executive Directorate (Secretary)
- Manager Audit and Evaluation
- Queensland Audit Office.

* Ms Caroline Hannigan was the nominated representative of the Public Trustee at the August 2014 and June 2015 meetings of the committee.

Remuneration to committee members during the 2014–15 financial is detailed below.

Remunerated committee members	Amount (GST exclusive) ¹
Delphin Associates (Stephen Maitland)	\$15,042.50
Lisa Dalton	\$9,500.00
Glenn Poole	\$10,312.50
Total	\$34,855.00

¹ Includes fees outstanding for meetings attended during 2014–15.

The committee met four times in the 2014–15 financial year.

Voting members of the committee are required to comply with the Code of during their term.

Public Sector Ethics Act 1994

Our employees are bound by the Code of Conduct which provides direction and guidance for staff regarding expected standards of conduct. The Public Trustee maintains high ethical standards that support and underpin its fiduciary responsibilities.

Our Strategic Plan 2012–2016 has an emphasis on the delivery of quality frontline services by providing our clients with professional and effective services in a responsive manner. To deliver quality frontline service, we must have competent employees who act in an ethical manner.

In delivering quality services, we continued to enhance our culture as an ethical workplace through a range of strategies which raise awareness of ethical standards and support ethical decision making and behaviour. Those strategies included:

- educating staff about ethical standards required in the workplace through mandatory online compliance training including:
 - Code of Conduct
 - fraud and corruption control
 - information privacy
 - right to information
 - complaints management, and
 - record keeping and file management.
- supporting line managers in inducting new employees, by providing the following resources on our intranet:
 - induction guidelines
 - induction planner, and
 - new employee induction manual.
- complying with the *Public Service Act 2008*, the *Public Sector Ethics Act 1994* and by promoting the Public Service Commission directive that all employees have to declare all gifts and benefits received and offered
- updated our Fraud and Corruption Control policy, procedure and plan
- complied with the *Public Interest Disclosure Act 2010* through having the required policy and procedures available on our website
- reviewed human resource policies and procedures to align with the organisation's values and Code of Conduct.

Queensland Public Service Values

In 2013–14 we adopted the organisational values of the Queensland Public Service. These values are the building blocks of our workplace culture and are underpinned by the *Public Sector Ethics Act 1994* and the Code of Conduct.

During 2014–15 we continued to embed and implement the values into our organisation.

Our values:



Customers first

One of our key challenges identified for 2014–15 to achieve our core commitments was to improve efficiency and effectiveness of frontline service delivery to meet increasing client expectations.

We continued to enhance our frontline service delivery by finalising a three year project to increase the technical skills of trust officers leading to improved client service.

We implemented a structured level one technical training for trust officers as part of a comprehensive training framework. This training is delivered over a six month period.

We also developed a structured level two technical training for trust officers and a structured level three technical training for trust officers for implementation in 2015–16.

We also undertook planning for the end to end review of deceased estate administration to identify opportunities to improve our service delivery.

Planning was also undertaken for the creation of a testamentary trust Client Service Centre to improve service to clients.



Ideas into Action

Our renewal program is challenging the norm of service delivery, encouraging new ideas and working across boundaries to deliver better services to more Queenslanders. In 2014–15 the Public Trustee implemented Client Communication and Supervision Plans that responded to the results from client satisfaction surveys.



Unleash potential

We are unleashing the potential of all staff through a range of targeted learning and development services in order to fulfil our strategic objective to develop and maintain an engaged workforce.

Our Study and Research Assistance Scheme (SARAS) and other training and development opportunities are available to staff to build capabilities of individuals and teams aligned with performance planning and development.



Empower people and being courageous

Our Capability Development Plan 2013–16 provides a range of strategies for ensuring we have an engaged workforce that is capable of delivering on the core objectives of the organisation. During 2014–15 we continued to progress the priorities identified in that plan and a new five year Strategic Workforce Plan will be developed in 2015–16.



We scoped and designed a leadership and management development program for approximately 100 managers and supervisors to be delivered from early 2016.

highlight

Community education

During 2014–2015, the Public Trustee conducted over 150 presentations to a wide variety of audiences. These presentations focussed on increasing public awareness of the importance of preparing Wills and Enduring Powers of Attorney documents and the other services provided by the Public Trustee.

Employee Opinion Survey

Our employees participated in the 2014 *'Working for Queensland Employee Opinion Survey'*, conducted in May 2014. The survey results are important in targeting areas that will be of great benefit to our employees and our clients.

Following the results from the 2014 survey, the EMT endorsed and approved survey initiatives in three areas; organisational leadership, organisational trust and decision making. The actions implemented to address the survey results were to:

- provide technical training to client service staff
- enhance access to online learning and development in a broad range of areas
- develop our internal communications and upgrade our intranet and
- review and update our policies and procedures.

Our employees are encouraged to participate in these initiatives when the opportunity arises and to contribute to the continuous improvement of our organisation.

The survey continues to be an important measure of employee perceptions on a range of workplace factors and provides vital feedback in understanding where our time and effort can be focused for the greatest impact.

The survey was conducted again in May 2015. The Executive Management Team are considering the results and will implement initiatives in the 2015-16 financial year.

Governance - Risk management and accountability

Risk management

The Public Trustee views risk management as the responsibility of the whole office. Risk management is not just the responsibility of a nominated few officers in the organisation but is enshrined in the culture, organisational structure, policies, practices and processes of the organisation. Risk management is championed by senior management.

Our risk management policy was approved in March 2015 and the risk management procedures guide in June 2015. Our risk management policy was developed in accordance with *AS/NZS ISO 31000:2009, Risk Management—Principles and Guidelines*, and has been designed to integrate risk management into standard business processes.

Consistent with our policies and practices, the ARMC, the CFO, Head of Internal Audit and the Director Governance and Executive Directorate, advise on and monitor:

- fraud and corruption control
- business continuity planning
- insurance coverage
- sources of assurance including internal controls.

Governance and Executive Directorate

The Governance and Executive Directorate was established in late 2011 and is responsible for the essential components of effective governance including compliance, conformance and reporting, within the organisation. The directorate reports directly to the Public Trustee and has 17 areas of responsibility, including the following:

- reviewing and evaluating governance arrangements
- co-ordinating information and decision support
- ensuring internal conformance and accountability
- overall responsibility for assisting in planning and performance monitoring
- co-ordinating external compliance and accountability including annual reporting and strategic planning
- business continuity planning
- responsibility for the fraud and corruption control framework
- responsibility for the risk management framework
- responsibility for the management of complaints process
- responsibility for the project management office.

The directorate is responsible for the effective implementation and compliance of particular legislative imperatives within the organisation. These include the:

- *Right to Information Act 2009*
- *Information Privacy Act 2009*
- *Public Interest Disclosure Act 2010*.

During the 2014–15 financial year the directorate made a concerted effort to reduce the organisations susceptibility to fraud and corruption. The Public Trustee has a comprehensive Fraud and Corruption Control Framework in place which consists of the following:

- Fraud and Corruption Control Policy
- Fraud and Corruption Procedures
- Fraud and Corruption Control Plan, and
- Fraud and Corruption Control mandatory online compliance training.

Employees are required to undertake the mandatory compliance training annually. To successfully complete the training, employees must obtain a 100% pass mark.

The policy and procedures were reviewed and approved by the EMT in November 2014. In March 2015, the fraud and corruption control framework, in particular the policy and procedures, were assessed against the findings of the Crime and Corruption Commission (CCC) publication titled *“Corruption in the public sector: the big issues, lessons from investigations by the Crime and Corruption Commission, 2009–14”*. In completing this assessment a number of recommendations were identified to improve the fraud and corruption control framework. The major recommendation is the development and implementation of a Corrupt Conduct Policy.

External scrutiny

In 2012-13, the Public Trustee was one of three entities reviewed by the Queensland Audit Office (QAO) in relation to Fraud Risk Management. The results of the Fraud Risk Management Review were included in the *“Auditor General of Queensland’s Report to Parliament No. 9: 2012-13”* tabled in March 2013.

The Report to Parliament contained three valuable recommendations to improve fraud risk management within the Public Trustee. The recommendations were accepted with action taken to implement those recommendations. In February 2015, the QAO sought advice as to the Public Trustee’s progress in implementing those recommendations. The Public Trustee confirmed that all the recommendations had been implemented.

Internal Audit

Audit and Evaluation Unit

The Audit and Evaluation Unit provides independent, objective assurance and consulting activity to improve the operational performance of the Public Trustee.

The role of the unit is defined in our Audit and Evaluation Charter which is endorsed by the ARMC. The unit operates in accordance with the *Audit Committee Guidelines: Improving Accountability and Performance (Queensland Treasury)*, approved by the Public Trustee. The charter has regard to the *Financial and Performance Management Standard 2009* and the standards of auditing as disseminated by the Institute of Internal Auditors.

Our unit is autonomous and reports directly to the Public Trustee. Our strong links with the QAO provide the foundation for a collaborative audit approach to ensure optimal audit coverage across all areas of the organisation.

The current Head of Audit and Evaluation Unit is appropriately qualified and holds the following qualifications:

- Bachelor of Commerce (Honours)
- Certified Internal Auditor (CIA)
- Certification in Control Self-Assessment (CCSA)
- Certified Financial Services Auditor (CFSA)
- Certified Information Systems Auditor (CISA).

During the 2014–15 financial year the Audit and Evaluation Unit conducted independent reviews and audits of our internal controls, business processes and management practices.

The unit provides the following types of audits:

- Financial and compliance audits
- Operational and efficiency audits
- Information system audits
- Investigations.

Our Strategic and Annual Internal Audit Plan is developed in consultation with key stakeholders and takes into account the significant risks identified by management through the Risk Management Framework.

The operations of Audit and Evaluation are overseen by ARMC.

Our key achievements for 2014–15 included:

- reviewing Client Services and corporate operations to provide the Executive Director Investment Services and CFO with assurances to support sound processes and procedures underpinning the financial statements
- providing information papers for general consumption to both Client Services and across support activities, to raise awareness of current issues being encountered and to assist directors and managers to understand and address topical issues
- ongoing development of the unit's Computer Assisted Audit Techniques (CAATS) which has been progressed to introduce continual monitoring of payments. Further reporting requirements have been developed to assist with the expansion of CAATS that is supported by the recent introduction of data analysis software
- assessment of external risks identified through communications with other organisations
- reviewing the unit's audit management software to ensure the timely review and implementation of past issues and recommendations
- developed and implemented data analytics to identify transactions requiring further review
- providing advice, support and guidance to staff to assist in satisfactorily discharging their responsibilities in accordance with the Public Trustee policies and procedures.

Audit committee

Refer to page 28 for details about the ARMC.

Information systems and recordkeeping

The Public Trustee continues to progress towards compliance with the *Public Records Act 2002*, and the principles contained in Information Standard 40: Recordkeeping.

The recordkeeping framework continues to be refined to assist with the Public Trustee's current recordkeeping compliance.

Some of the areas identified that have, or are being implemented include:

- review of recordkeeping policies and procedures to incorporate changes and enhancements within the Public Trustee
- online training program for recordkeeping and file management completed and incorporated into the mandatory compliance training program
- disposal of all Public Records undertaken in accordance with the Public Trustee approved Retention and Disposal Schedule (QDAN 651) and the General Retention and Disposal Schedule for Administrative Records
- upgrade of the Public Trustee electronic Document and Records Management System (eDRMS) completed to ensure reliability, performance and security of electronic records
- the Public Trustee's eDRMS has been implemented within the following corporate areas:
 - Marketing and Communications
 - Information Services
 - Property
 - Human Resource Management
 - Governance and Executive Directorate

The Public Trustee continues to ensure initiatives are implemented to progress recordkeeping strategies and assist with compliance and efficiencies to continue to support our clients.

Governance – human resources

Workforce planning and performance

Our staff are employed under the *Public Service Act 2008* and related industrial instruments aligning with Queensland Public Service Commission policies and directives.

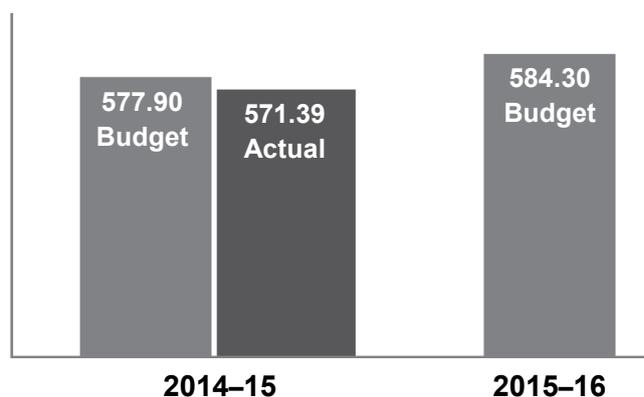
The workforce profile full-time equivalent (FTE) staff establishment is 537.08 (as per Minimum Obligatory Human Resources Information report for the quarter ending 30 June 2015). The following table provides a comparison between actual and budgeted FTE for the current period and an estimate for the 2015–16.

Staffing



Total full-time employees

The total staff profile is fully funded by Public Trustee at no cost to government.



For 2014–15, the permanent retention rate was 88.72% and the separation rate was 11.28%.

Our Capability Development Plan 2013–16 provides a range of strategies for ensuring we have an engaged workforce that is capable of delivering on the core objectives of the organisation. During 2014–15 we continued to progress the priorities identified in that plan. A new five year strategic workforce plan will be developed in 2015–16.

A range of ‘people and capability development strategies and initiatives’ were implemented in 2014–15 including the:

- development and implementation of online mandatory compliance training
- scoping and design of a leadership and management development program for approximately 100 managers and supervisors to be delivered from early 2016
- provision of customised technical training for 161 trust officers
- development of technical training for senior and principal trust officers to be delivered from July 2015
- development of technical training for regional managers and assistant regional managers to be delivered from early 2016
- development and delivery of writing skills training to 350 employees from June 2015
- launching of a refreshed and more contemporary intranet site (for use by staff only)
- development and continuation of internal communication strategies
- continuing availability of the SARAS and other training and development opportunities to staff.

Key policy updates included the revision of the Employee Complaints Management Policy and Procedure, and the Workplace Harassment and Sexual Harassment Prevention Policy and Procedure. These reviews were in response to ongoing feedback from staff through the employee opinion survey. The responses are valuable and are used to develop suitable initiatives so that the organisation can continue to work towards our vision to be Queensland's best provider of trustee and administration services.

A Workplace Health and Safety (WH&S) audit was conducted in 2014–15 to ensure compliance under the work health and safety legislation and statutory obligations, as well as the *Australian Standard 4801: Occupational health and safety management systems (AS4801)*, and relevant codes of practice.

Our key focus areas for 2015–16 for workforce development are:

- streamlining our recruitment and selection processes
- continuing to improve the current workplace health and safety management system
- improving performance management reporting systems
- provision of online training resources, and
- use of analytics to target key areas for attention.

Early retirement, redundancy and retrenchment

No redundancy, early retirement, or retrenchment packages were paid during the 2014–15 financial year.

Open data

The Open Data initiative is part of the Queensland public sector renewal program.

A number of reporting requirements are to be addressed through publication of information through Queensland Government Open Data website (<http://www.qld.gov.au/data>) in lieu of inclusion in this annual report.

We must report the following information requirements online:

- Consultancies
- Overseas travel
- Queensland Language Service Policy.

The information is also available on our website at <http://www.pt.qld.gov.au/publications/corporate.html>.

Legislation

The Public Trustee has a wide range of powers and functions and operates under many acts including:

Acquisition of Land Act 1967
Acts Interpretation Act 1954
Adoption Act 2009
Associations Incorporation Act 1981
Charitable Funds Act 1958
Child Protection (International Measures) Act 2003
Child Protection Act 1999
Collections Act 1966
Companies (Acquisition of Shares) (Application of Laws) Act 1981
Corrective Services Act 2006
Criminal Proceeds Confiscation Act 2002
Disposal of Uncollected Goods Act 1967
Drugs Misuse Act 1986
Financial Accountability Act 2009
Gaming Machine Act 1991
Guardianship and Administration Act 2000
Information Privacy Act 2009
Land Sales Act 1984
Legal Profession Act 2007
Local Government Act 2009
Manufactured Homes (Residential Parks) Act 2003
Mineral Resources Act 1989
Mixed Use Development Act 1993
Motor Accident Insurance Act 1994
Personal Injuries Proceedings Act 2002
Police Powers and Responsibilities Act 2000
Powers of Attorney Act 1998
Property Law Act 1974
Property Occupations Act 2014
Public Interest Disclosure Act 2010
Public Officers Superannuation Benefits Recovery Act 1988
Public Records Act 2002
Public Sector Ethics Act 1994
Public Service Act 2008
Public Trustee Act 1978
Relationships Act 2011
Residential Services (Accreditation) Act 2002
Residential Tenancies and Rooming Accommodation Act 2008
Retirement Villages Act 1999
Right to Information Act 2009
Second-hand Dealers and Pawnbrokers Act 2003
Storage Liens Act 1973
Succession Act 1981
Trust Accounts Act 1973
Trusts Act 1973
Water Act 2000
Work Health and Safety Act 2011
Workers' Compensation and Rehabilitation Act 2003
Youth Justice Act 1992

Glossary

Administrator

An Administrator is a substitute decision-maker and makes decisions on behalf of an adult with impaired capacity in respect to financial matters. An administrator is appointed by either the Queensland Civil and Administrative Tribunal (QCAT) or the Court pursuant to the *Guardianship and Administration Act 2000*.

Attorney

An Attorney is the person nominated by an individual under an Enduring Power of Attorney (EPA) to manage their affairs.

Beneficiary

A beneficiary is a person or organisation who receives a benefit under a Will or Trust which may include personal effects, property or money.

Charitable and Philanthropic Trusts

The Public Trustee acts as Trustee for various significant charitable or philanthropic trusts. These trusts are established for charitable purposes and usually will have a deductible gift recipient status, which essentially means that people who make donations to the trustee for the use of the charitable trust can receive a tax deduction for the donation.

Client Service Centre (CSC)

Clients with similar needs will be grouped by service category and then managed by a small team. The CSC concept is to deliver quality specialised services.

Common Fund

Under section 19 of the *Public Trustee Act 1978*, all moneys vested in or coming into the hands of Public Trustee on behalf of clients, shall be held in one or more common funds and shall be invested by Public Trustee.

Enduring Powers of Attorney (EPA)

An EPA is an important legal document that gives someone else the power to make personal or financial decisions on your behalf under the *Powers of Attorney Act 1998*. The Public Trustee accepts appointment as a financial attorney under EPAs.

Executor

The role of an Executor of a Will is to administer the estate of a deceased person and distribute the assets in accordance with the deceased's Will.

Further information regarding executorship can be found in the publication '*Let's talk about Executor Services*' available online at www.pt.qld.gov.au/publications/brochures.html.

Intestacy

Where a person dies without a valid Will the person is said to have died intestate. The person who administers the estate and distributes it in these circumstances is normally referred to as an Administrator. The Public Trustee is often asked to act as administrator in intestate estates.

Further information regarding Intestacy can be found in the publication '*Let's talk about Intestacy*' available online at www.pt.qld.gov.au/publications/brochures.html.

Majority

Majority is the age at which a minor (child) is said to have reached full legal age and is competent to manage his/her own affairs. The age of majority in Queensland is prescribed by the *Law Reform Act 1995* (Qld). Section 17 of that act provides that “the age of majority is 18 years”.

Minors Trust

Often there is a need for a Trustee to hold property on behalf of a minor. The Public Trustee often becomes involved in minors’ trusts where the child has received assets from a deceased estate or personal injuries claim etc. In these circumstances the Public Trustee holds the assets in trust for the benefit of the minor.

Philanthropic Trusts – see Charitable and Philanthropic Trusts

The Public Trustee of Queensland (Public Trustee)

The Public Trustee is legislated by the *Public Trustee Act 1978* and is a corporation sole constituted by the act.

The appointment to the position of Public Trustee (Public Trustee of Queensland) is made by the Governor in Council and the position holder is subject to the Minister for Justice.

Public Trustee of Queensland Investment Fund (PTIF)

PTIF comprises four separate unit trusts. The Public Trustee is the Trustee and manager of each trust. A unit trust is an investment vehicle that enables a number of investors to pool their money to make investments in a variety of assets such as property and shares.

Queensland Civil and Administrative Tribunal (QCAT)

QCAT has the legislative power to appoint guardians and administrators in relation to an adult with impaired decision making capacity. This makes sure that the adult’s needs are met and their interests protected.

Queensland Government Agent Program (QGAP)

In rural and smaller regional areas, local and state Government offices have been nominated as part of the QGAP as agents for public sector agencies including the Public Trustee.

A broad range of Government services can be accessed at these offices which provide information, help and advice on all State Government services.

Information on participating offices can be found at:

www.qld.gov.au/about/contact-government/contacts/government-service-offices/

Trust

A trust is the owner of property and is obliged to deal with that property for the benefit of some other person or people or for some particular purpose recognised by law, for example for a charitable purpose. There are three key elements of a trust: a trustee, beneficiary/beneficiaries and trust property.

Trustee

A trustee is the person (including the Public Trustee) who holds the assets and administers the trust in accordance with the terms of the trust for the benefit of the beneficiary/beneficiaries. The trustee is under an obligation to deal with those assets not for his or her own benefit but for the benefit of the beneficiaries or the purpose of the trust (for example a charitable purpose).

Trust Assets

These are the assets of the trust held by the trustee for beneficiaries or for a purpose in accordance with the terms of the trust.

Will

A Will is a document stating how you would like your estate (your assets) to be distributed after you die. The *Succession Act 1981* defines how a Will should be prepared for it to be valid.

Further information regarding the Public Trustee's Will making service can be found in the publication '*Let's talk about Wills*' available online at www.pt.qld.gov.au/publications/brochures.html

Acronyms

ARMC	Audit and Risk Management Committee
CAAT	Computer Assisted Audit Techniques
CCC	Crime and Corruption Commission
CCSA	Certification in Control Self-Assessment
CFO	Chief Finance Officer
CFSA	Certified Financial Services Auditor
CIA	Certified Internal Auditor
CISA	Certified Information Systems Auditor
CSC	Client Service Centre(s)
CSO	Community Service Obligation(s)
CPI	Consumer Price Index
eDRMS	Electronic Document and Records Management System
EPA	Enduring Power of Attorney
EMT	Executive Management Team
FTE	Full-time equivalent
HR	Human Resources
ICT	Information and Communication Technology
IT	Information Technology
OPG	Organisation Performance Group
PMO	Project Management Office
PTIF	Public Trustee of Queensland Investment Fund
QAO	Queensland Audit Office
QCAT	Queensland Civil and Administrative Tribunal
QGAP	Queensland Government Agent Program
SARAS	Study and Research Assistance Scheme
SDS	Service Delivery Statements
WH&S	Workplace, Health and Safety

Office locations

Brisbane

Trustee House
444 Queen Street, Brisbane QLD 4000
GPO Box 1449, Brisbane QLD 4001
Phone: (07) 3213 9288
Email: clienteng@pt.qld.gov.au

Brendale

170 South Pine Road, Brendale QLD 4500
PO Box 5204, Brendale DC QLD 4500
Phone: (07) 3142 1900
Email: pt_brendale@pt.qld.gov.au

Bundaberg

Trustee House
189 Bourbong Street, Bundaberg QLD 4670
GPO Box 860, Bundaberg QLD 4670
Phone: (07) 4181 0800
Email: pt_bundaberg@pt.qld.gov.au

Cairns

Trustee House
27 Sheridan Street, Cairns QLD 4870
PO Box 656, Cairns QLD 4870
Phone: (07) 4040 7300
Email: pt_cairns@pt.qld.gov.au

Gladstone

Trustee House
66 Goondoon Street, Gladstone QLD 4680
PO Box 5021, Gladstone QLD 4680
Phone: (07) 4962 1100
Email: pt_gladstone@pt.qld.gov.au

Ipswich

Trustee House
99 Brisbane Street, Ipswich QLD 4305
PO Box 140, Ipswich QLD 4305
Phone: (07) 3432 6611
Email: pt_ipswich@pt.qld.gov.au

Mackay

Trustee House
18 Brisbane Street, Mackay QLD 4740
PO Box 401, Mackay QLD 4740
Phone: (07) 4969 4600
Email: pt_mackay@pt.qld.gov.au

Maryborough

Trustee House
88 Ellena Street, Maryborough QLD 4650
PO Box 280, Maryborough QLD 4650
Phone: (07) 4183 0900
Email: pt_maryborough@pt.qld.gov.au

Mount Isa

Trustee House
18 Miles Street, Mount Isa QLD 4825
PO Box 2000, Mount Isa QLD 4825
Phone: (07) 4764 0500
Email: pt_mountisa@pt.qld.gov.au

Nambour

72 Currie Street, Nambour QLD 4560
PO Box 49, Buddina QLD 4575
Phone: (07) 5314 1800
Email: pt_sunshinecoast@pt.qld.gov.au

Redcliffe

Trustee House
165 Sutton Street, Redcliffe QLD 4020
PO Box 131, Redcliffe QLD 4020
Phone: (07) 3817 9100
Email: pt_redcliffe@pt.qld.gov.au

Rockhampton

Trustee House
67 East Street, Rockhampton QLD 4700
PO Box 273, Rockhampton QLD 4700
Phone: (07) 4999 3600
Email: pt_rockhampton@pt.qld.gov.au

Southport

Trustee House
66 Nerang Street, Southport QLD 4215
PO Box 876, Southport QLD 4215
Phone: (07) 5588 5333
Email: pt_southport@pt.qld.gov.au

Sunshine Coast

Suite 1-3, 20 Innovation Parkway,
Birtinya QLD 4575
PO Box 49, Buddina QLD 4575
Phone: (07) 5314 1800
Email: pt_sunshinecoast@pt.qld.gov.au

Toowoomba

Trustee House
447 Ruthven Street, Toowoomba QLD 4350
PO Box 139, Toowoomba QLD 4350
Phone: (07) 4631 8100
Email: pt_toowoomba@pt.qld.gov.au

Townsville

Trustee House
438 Flinders Street, Townsville QLD 4810
PO Box 960, Townsville QLD 4810
Phone: (07) 4753 0111
Email: pt_townsville@pt.qld.gov.au

Outreach locations

Our outreach locations and dates for our document making services are as follows.

Brisbane

The Brisbane office services 8 venues around the metropolitan area over approximately 33 days of the month.

- **Chermside Centrelink** - Every third Friday of the month. Two Wills officers attend on each visiting day.
- **Cleveland Courthouse** - Monday to Thursday every week. One Wills officer attends on each visiting day.
- **Holland Park Courthouse** - Tuesday and Thursday each week. One Wills officer attends on each visiting day.
- **Mitchelton Centrelink** - Second Friday of every month. One Wills officer attends each visiting day.
- **Nundah Centrelink** - First Friday of every month. One Wills officer attends each visiting day.
- **Toowong Centrelink** - Fourth Friday of every month. One Wills officer attends each visiting day.
- **Wynnum Courthouse** - Wednesday each week. One Wills officer attends each visiting day.
- **Woodridge Centrelink** - Third Wednesday of every month. One Wills officer attends each visiting day.
- We also provide an outside visitation service for people with a disability. This service operates every Monday. Venues depend on individual client circumstances, but include hospitals, hospices, nursing homes and private residences. One Wills officer is accompanied on each visit by another Public Trustee staff member to assist in witnessing Wills.

Bundaberg

The Bundaberg Office services 2 venues, approximately 1 day each month.

- **Gin Gin Neighbourhood Centre** - Wednesday quarterly and will vary due to demand.
- **Childers Courthouse** - Wednesday quarterly and will vary due to demand.

Cairns

The Cairns Office services 1 venue, 1 day per month.

- **Mareeba Courthouse** - Third or fourth Wednesday of every month (set around court dates).

Ipswich

The Ipswich Office services 3 venues, 2 days per month.

- **Beaudesert Courthouse** - Third Thursday of every second month.
- **Gatton Courthouse** - Fourth Thursday of every second month.
- **Richlands Courthouse** - First Thursday of every month.

Maryborough

The Maryborough Office services 4 venues, over approximately 11 days of the month.

- **Gympie Courthouse** - Fortnightly every alternate Friday.
- **Rainbow Beach Community Centre** - Delivered on a quarterly basis.
- **Hervey Bay Courthouse** - Every Monday and Tuesday each week.
- **Tin Can Bay RSL** - Delivered on a quarterly basis.

Mount Isa

The Mount Isa office services 1 venue on an 'as required' basis.

- **Cloncurry Courthouse** - The community outreach service is delivered on an 'as required' basis.

Redcliffe

The Redcliffe office services 1 venue, 4 days per month.

- **Caboolture Courthouse** - Every Wednesday of the month.

Rockhampton

The Rockhampton office services 3 venues, approximately 3 days per month.

- **Yeppoon Courthouse** - The first and third Tuesday of every month.
- **Mount Morgan Courthouse** - The last Friday of each month.
- **Woorabinda Aboriginal Community** - Delivered on an 'as required' basis.

Southport

The Southport office services 3 venues, over approximately 12 days of the month.

- **Beenleigh Courthouse** - Every Tuesday and every alternate Thursday of the month.
- **Palm Beach Centrelink** - Every alternate Thursday.
- **Robina Centrelink** - Every Wednesday of the month.

Sunshine Coast

The Sunshine Coast office services 2 venues, over 4 days of the month.

- **Caloundra Courthouse** - First and third Friday of every month.
- **Noosa Courthouse** - First and third Thursday of every month.

Townsville

The Townsville office services 5 venues, over approximately 5 days of the month.

- **Ayr Courthouse** - Wednesday twice each quarter.
- **Charters Towers Courthouse** - Third or fourth Wednesday of every month (set around court dates).
- **Ingham Courthouse** - Wednesday of every month.
- **The Willows (Townsville Seniors and Carers Office) Centrelink** - The last Thursday of the month.
- **Mundingburra Local Police Station** - This service was started in April 2014 and has been attended once every three weeks to date. The frequency is under review depending on the demand. Townsville is also looking to expand this service to other large police stations in the area, based on demand.

The Public Trustee of Queensland

Financial Statements

2014-15

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General Information

The Public Trustee of Queensland is a corporation sole constituted under the *Public Trustee Act 1978*, and reports to Queensland Parliament through the Attorney-General. The Acting Public Trustee of Queensland is an Accountable Officer pursuant to section 65(2) of the *Financial Accountability Act 2009*.

For the purpose of this report, the Public Trustee of Queensland refers to the independent statutory individual and the Public Trustee refers to the organisation as a whole.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

The principal address of the Public Trustee is:

Trustee House
444 Queen Street
Brisbane QLD 4000

For information in relation to the Public Trustee's financial statements please call (07) 3213 9288, email clientenq@pt.qld.gov.au or visit the internet site at www.pt.qld.gov.au.

The Public Trustee of Queensland

Statement of comprehensive income for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Revenue			
Fees	3	52,099	53,542
Interest revenue	4	33,611	33,302
Other revenue	5	5,361	5,057
Total revenue		91,071	91,901
Expenses			
Employee expenses	6	44,669	45,767
Supplies and services	7	17,131	17,761
Other expenses	8	1,440	639
Depreciation and amortisation		2,016	2,066
Interest expense	9	15,004	13,189
Contributions	10	1,358	1,292
Total expenses		81,618	80,714
Operating result		9,453	11,187
Other comprehensive income			
<u>Items that will not be reclassified subsequently to operating result</u>			
Increase/(decrease) in asset revaluation surplus	14	1,111	(3,955)
Equity adjustment		23	-
<u>Items that will be reclassified subsequently to operating result when certain conditions are met</u>			
Net loss on available-for-sale financial assets		(1,064)	(344)
Total other comprehensive income		70	(4,299)
Total comprehensive income		9,523	6,888

The above statement should be read in conjunction with the accompanying notes.

The Public Trustee of Queensland
Statement of financial position
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Assets			
Current assets			
Cash and cash equivalents	11	238,039	239,162
Receivables	12	15,946	16,875
Other financial assets	13	328,403	268,061
Prepayments		1,189	863
		583,577	524,961
Non-current assets classified as held for sale		340	-
Total current assets		583,917	524,961
Non-current assets			
Other financial assets	13	281,463	260,785
Property, plant and equipment	14	39,142	39,873
Intangible assets		1,052	1,470
Total non-current assets		321,657	302,128
Total assets		905,574	827,089
Liabilities			
Current liabilities			
Payables		3,284	3,747
Deposits held in trust	15	700,954	631,249
Provision for employee benefits	16	11,561	10,947
Total current liabilities		715,799	645,943
Non-current liabilities			
Provision for employee benefits	16	1,417	2,311
Total non-current liabilities		1,417	2,311
Total liabilities		717,216	648,254
Net assets		188,358	178,835
Equity			
Asset revaluation surplus		25,026	24,181
Retained earnings		163,332	154,654
Total equity		188,358	178,835

The above statement should be read in conjunction with the accompanying notes.

The Public Trustee of Queensland
Statement of changes in equity
for the year ended 30 June 2015

	Retained earnings*	Asset revaluation surplus	Total
	\$'000	\$'000	\$'000
Balance as at 1 July 2013	143,265	28,682	171,947
Operating result	11,187	-	11,187
Transfer between reserves	546	(546)	-
Other comprehensive income			
- decrease in asset revaluation surplus	-	(3,955)	(3,955)
- net loss on available-for-sale financial assets	(344)	-	(344)
Balance as at 30 June 2014	154,654	24,181	178,835
Balance as at 1 July 2014	154,654	24,181	178,835
Operating result	9,453	-	9,453
Transfer between reserves	266	(266)	-
Other comprehensive income			
- increase in asset revaluation surplus	-	1,111	1,111
- net loss on available-for-sale financial assets	(1,064)	-	(1,064)
- equity adjustment	23	-	23
Balance as at 30 June 2015	163,332	25,026	188,358

The above statement should be read in conjunction with the accompanying notes.

* Please refer to note 2(p) for further information relating to retained earnings.

The Public Trustee of Queensland
Statement of cash flows
for the year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Fees received		53,459	61,593
Interest revenue received		33,441	33,350
Other revenue received		1,383	746
GST collected from customers		8,186	8,103
Net amount accepted of deposits held in trust		70,351	104,001
<i>Outflows:</i>			
Payments to suppliers and employees		(62,770)	(65,500)
GST paid to suppliers		(4,232)	(3,816)
GST remitted to ATO		(4,026)	(4,130)
Interest expense		(15,004)	(13,189)
Net cash provided by operating activities	17	80,788	121,158
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of other financial assets		132,564	104,370
Sales of property, plant and equipment		159	1,958
<i>Outflows:</i>			
Payments for other financial assets		(214,115)	(154,768)
Payments for property, plant and equipment		(519)	(3,034)
Net cash flow used in investing activities		(81,911)	(51,474)
Net increase/(decrease) in cash and cash equivalents		(1,123)	69,684
Cash and cash equivalents at beginning of the financial year		239,162	169,478
Cash and cash equivalents at end of the financial year	11	238,039	239,162

The above statement should be read in conjunction with the accompanying notes.

The Public Trustee of Queensland
Notes to and forming part of the financial statements
for the year ended 30 June 2015

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The Public Trustee of Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2015

Objectives and principal activities of the Public Trustee

The Public Trustee provides financial, trustee and legal services to the people of Queensland.

The *Public Trustee Act 1978* (the Act) grants the Public Trustee broad and general powers in relation to the financial operations of the Public Trustee and its funds, particularly the Common Fund. The Act requires all moneys vested in or coming into the hands of the Public Trustee to be held in one or more Common Funds. All dealings that are transacted through the Common Fund are controlled by the Public Trustee and are not administered on behalf of the Government.

The Public Trustee is a self-funded organisation which provides its full range of services to the community at no cost to the Government.

1. Authorisation date

The financial statements for the year ended 30 June 2015 were authorised for issue by the Acting Public Trustee of Queensland and the Executive Director Investment Services and Chief Finance Officer at the date of signing the certification of the Public Trustee of Queensland.

2. Summary of significant accounting policies

(a) Statement of compliance

The Public Trustee has prepared these financial statements in compliance with the requirements of the *Public Trustee Act 1978* and relevant sections of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accruals basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's *Minimum Reporting Requirements* for the year ending 30 June 2015 and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Public Trustee has applied those requirements applicable to not-for-profit entities, as the Public Trustee is deemed to be a not-for-profit entity as profit is not its principal objective. Except where stated, the historical cost convention is used.

(b) Reporting entity

The financial statements include the value of all revenue, expenses, assets, liabilities and equity controlled by the Public Trustee through the Common Fund.

The Public Trustee has a one third interest in the QCF Management Co. Ltd. As the transactions and balances of this entity are immaterial, it has not been included in these accounts.

(c) Administered transactions and balances

Unclaimed Moneys Fund

The Public Trustee administers, but does not control, the Unclaimed Moneys Fund on behalf of the Government. In doing so, the Public Trustee has responsibility and is accountable for administering related transactions and items but does not have the discretion to deploy these resources for the achievement of the Public Trustee's objectives. Unclaimed moneys transactions and balances are disclosed in note 20.

The Public Trustee of Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2015

(d) Other funds managed by the Public Trustee

The Public Trustee has responsibility for the management of a range of client assets, such as property and investments, which are held in specie and do not form part of the Common Fund. These assets are reported in note 21.

Public Trustee of Queensland Investment Funds

The Public Trustee has established a range of investment funds that have been designed to provide clients with investment options to better meet their individual financial requirements.

The *Trusts (Investments) Amendment Act 1999* enables trustees to move away from a defined list of authorised trustee investments to an investment philosophy invoking the "*Prudent Person Rule*". The Public Trustee, through the operation of the Public Trustee of Queensland Investment Funds, has ensured that clients have access to tailored financial and investment plans to meet their lifestyle requirements.

As at 30 June 2015, the total amount of client funds held in the Public Trustee of Queensland Investment Funds was \$341M (2014: \$393M). Financial results of the Public Trustee of Queensland Investment Funds do not form part of these financial statements, consistent with the treatment of all clients' assets held outside the Common Fund (refer note 21).

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Public Trustee recognises revenue when the amount of revenue can be reliably measured, if it is probable that future economic benefits will flow to it, and specific criteria have been met for each of the Public Trustee's major activities as described below:

(i) Fees

Fees for matters are recognised at the time the charges are levied. The rates and timing of charges are governed by the *Public Trustee Act 1978*.

Fees from clients are recognised on an accruals basis, when the service is provided.

Where, due to financial circumstances, a client is unable to pay the full amount of the fee, a rebate for all or part of the fee may be given in accordance with Community Service Obligations (CSOs) arrangements. These CSOs are shown as an offset against revenue (refer note 3).

The Public Trustee also receives trustee fees for acting as trustee of the Public Trustee of Queensland Investment Funds. The fee is set as a percentage of funds under management and is outlined in the Product Information Statement for each of the trusts. The trustee fee is recognised at the time the service is provided.

(ii) Interest revenue

Interest income is recognised using the effective interest method. When a receivable is impaired, the Public Trustee reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

The Public Trustee of Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2015

(f) Taxation

The Public Trustee is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). GST credits receivable from and GST payable to the Australian Taxation Office (ATO) are recognised in the accounts.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of financial position and statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

(h) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is usually required within 30 days from invoice date.

The collectability of receivables is assessed periodically with an allowance being made for impairment. All known bad debts were written-off as at 30 June.

Other debtors generally arise from transactions outside the usual operating activities of the Public Trustee and are recognised at their assessed values. Terms are generally for a maximum of three months and no security is obtained.

(i) Other financial assets

Classification

The Public Trustee classifies its other financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling within 12 months. Unit trust investments in QIC Limited are included in this classification.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Public Trustee management has the positive intention and ability to hold to maturity. If the Public Trustee were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would need to be reclassified as available-for-sale. Deposits are categorised under this category. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(i) Other financial assets (continued)

Classification (continued)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. All available-for-sale assets are classified as current assets. Available-for-sale financial assets include bonds and floating rate notes.

Recognition and de-recognition

The Public Trustee recognises financial assets on the date they become party to the contractual agreement (trade date).

Financial assets are derecognised when the right to receive cash flows from the investments have expired or the Public Trustee has transferred substantially all risks and rewards of ownership.

Measurement

At initial recognition, the Public Trustee measures a financial asset at its fair value.

Subsequent recognition of financial assets is as follows:

(i) Financial assets at fair value through profit or loss

These instruments are measured at fair value with changes in their fair value recognised in the profit or loss. Interest income from financial assets at fair value through profit or loss is recognised in profit or loss using the effective interest method.

(ii) Held-to-maturity investments

Held-to-maturity investments are carried at amortised cost using the effective interest method, less impairment losses, if any. Interest income from held-to-maturity investments is recognised in profit or loss using the effective interest method.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are carried at fair value with changes in their fair value recognised in equity. Realised gains/losses recognised in equity are transferred to the profit or loss on de-recognition of the asset. Interest income from these financial assets is included in the profit or loss using the effective interest rate method.

Impairment

The Public Trustee assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Public Trustee of Queensland
Notes to and forming part of the financial statements
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(j) Property, plant and equipment

Recognition thresholds and useful life bases are detailed in the table below.

Class	Land	Buildings	Plant and equipment
Recognition threshold	\$1	\$10,000	\$5,000
Useful life	Unlimited	5 – 85 years	2 – 39 years

Acquisition

Property, plant and equipment with a cost greater than the recognition threshold above are capitalised. Items with a lesser value are expensed in the year of acquisition.

Cost is used for the initial recording of all property, plant and equipment acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees.

Depreciation

Land is not depreciated as it has an unlimited useful life. Buildings and plant and equipment are depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Public Trustee.

Assets under construction (work-in-progress) are capitalised progressively. These assets are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Public Trustee.

Revaluations

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. These assets are reported at their revalued amounts, being their fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

Land and buildings are comprehensively revalued at least once every three years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal. Separately identified components of assets are measured on the same basis as the assets to which they relate. Indices are applied annually between comprehensive revaluations where there has been a material variation in the index. The Public Trustee ensures that the application of such indices would result in a valid estimation of the asset's fair value at reporting date.

(j) Property, plant and equipment (continued)

Revaluations (continued)

Any revaluation increment arising on the revaluation of an asset class is credited to the asset revaluation surplus of the appropriate class, except to the extent that it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class. On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Materiality concepts (according to the *Framework for the Preparation and Presentation of Financial Statements*) are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

Plant and equipment is measured at cost in accordance with Queensland Treasury's *Non-Current Asset Policies*. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

Disposals and gains

When property, plant and equipment are disposed of, any difference between the consideration received and written down value of the asset at the time of disposal is recognised in profit or loss.

Non-current assets classified as held for sale

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next 12 months.

These assets are measured at the lower of the assets' carrying amounts and their fair values less costs to sell. These assets are no longer depreciated upon being classified as held for sale.

Impairment

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Public Trustee determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss and recognised immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The Public Trustee of Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2015

(k) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the Public Trustee include, but are not limited to, published sales data for land and buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Public Trustee include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Public Trustee's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

Note 14 outlines the methods of determination of fair values for the Public Trustee's land and building assets.

All assets and liabilities of the Public Trustee for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

More specific fair value information about the Public Trustee's property, plant and equipment is outlined in note 14. Information regarding the fair value hierarchy of financial assets is outlined in note 22.

(l) Intangibles

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the statement of financial position. Items with a lesser value are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the Public Trustee.

It has been determined that there is not an active market for any of the Public Trustee's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Information Technology development and software

Information Technology development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Public Trustee has an intention and ability to use the asset.

Amortisation is calculated on a straight-line basis over periods ranging from four to nine years.

The Public Trustee of Queensland
Notes to and forming part of the financial statements
for the year ended 30 June 2015

(m) Payables

These amounts represent liabilities for goods and services provided to the Public Trustee, prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(n) Deposits held in trust

These amounts represent the value of cash and other financial assets held for clients within the Common Fund. Amounts held for clients are categorised for financial instrument purposes as financial liabilities not through profit or loss. At initial recognition, the Public Trustee recognises a financial liability not through profit or loss at fair value plus any transaction costs directly attributable to the issue of the liability. Subsequent measurement is at amortised cost using the effective interest method.

Other client assets held outside the Common Fund are also disclosed in note 21 which outlines the broad asset categories and valuation policies which have been adopted.

(o) Provision for employee benefits

Employer superannuation contributions, annual leave and long service leave are regarded as employee benefits.

Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised separately as an employee related expense.

From 1 July 2014, payroll tax is not payable by the Public Trustee.

Wages, Salaries and Sick Leave

Wages and salaries due but unpaid at reporting date are recognised in the statement of financial position at the current salary rates. As the Public Trustee expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

(i) Short term employee benefit obligations

Liabilities for wages and salaries and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised and measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the accrued employee benefits.

The Public Trustee of Queensland
Notes to and forming part of the financial statements
for the year ended 30 June 2015

(o) Provision for employee benefits (continued)

(ii) Long term employee benefit obligations

Long service leave expected to be paid within 12 months is recognised at its undiscounted value and disclosed as current.

Long service leave expected to be paid beyond 12 months is disclosed as non-current and recognised as follows:

A liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. When assessing expected future payments, consideration is given to potential future wage and salary increases and experience of employee departures and periods of service. An assumption of 2.2% (2014: 2.2%) per annum has been utilised for this purpose, noting that negotiations are currently underway at this point.

Expected future payments are discounted using rates attaching to, as at the reporting date, Commonwealth Government guaranteed securities with terms and currencies that match as closely as possible, the estimated future cash flows.

(iii) Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Public Trustee's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

(iv) Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements* for Queensland Government Agencies issued by Queensland Treasury. Refer to note 6 for the disclosures on key management personnel and remuneration.

(p) Reserves

Whilst the Public Trustee does not formally account for additional reserves, internal allocations are provided for capital support and income stabilisation. In previous years these allocations were disclosed as separate reserves. These allocations are held within retained earnings and the funds invested in line with the Public Trustee's approved investment strategy, and are recorded across cash, financial assets and property. The basis for these allocations is as follows:

Capital support allocation

As the capital within the Public Trustee's Common Fund carries a Government Guarantee, a *capital support allocation* has been established to support the capital guarantee on the liabilities of the Public Trustee. The allocation is calculated based on a 2% movement in interest rates across the yield curve for all maturities, assuming a maximum modified duration of 2.12% (2014: 3%). Current allocation \$29.5M (2014: \$37.5M).

The Public Trustee of Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2015

(p) Reserves (continued)

Income stabilisation allocation

In order to minimise the mismatch between yield on the investment portfolio of the Common Fund and the return paid to clients during periods of interest volatility, an *income stabilisation allocation* has been established. The allocation is based on an increase of 3% movement in interest rates based on current liabilities over a two year period. Current allocation \$41.7M (2014: \$37.4M).

(q) Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest thousand dollars or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

(r) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions with the most significant effect on the financial statements are outlined in the following notes:

- Allowance for impairment – note 12;
- Valuation of property, plant and equipment and change of useful life for buildings – note 14;
- Valuation of provision for employee benefits – note 16;
- Contingent liabilities – note 19; and
- Financial instruments – note 22.

(s) New and revised accounting standards

The Public Trustee did not voluntarily change any of its accounting policies during 2014-15. The Australian Accounting Standard applicable for the first time in 2014-15 that had the most significant impact on the Public Trustee's financial statements was AASB 1055 *Budgetary Reporting*.

AASB 1055 became effective from reporting periods beginning on or after 1 July 2014. In response to this new standard, the Public Trustee has included in these financial statements a comprehensive new note 'Budget vs actual comparison' (note 24). This note discloses the Public Trustee's original published budgeted figures for 2014-15 compared to actual results, with explanations of major variances, in respect of the Public Trustee's statements of comprehensive income, financial position and cash flows. Note 24 also includes a comparison between the original published budgeted figures for 2014-15 compared to actual results, and explanations of major variances, in respect of the Public Trustee's major classes of administered income, expenses, assets and liabilities.

The Public Trustee is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. Consequently, the Public Trustee has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective. The Public Trustee applies standards and interpretations in accordance with their respective commencement dates.

The Public Trustee of Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2015

(s) New and revised accounting standards (continued)

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards with future commencement dates are as set out below.

From reporting periods beginning on or after 1 July 2016, the Public Trustee will need to comply with the requirements of AASB 124 *Related Party Disclosures*. That accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. The Public Trustee already discloses information about the remuneration expenses for key management personnel (refer note 6) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the Public Trustee's financial statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

AASB 9 *Financial Instruments* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014) will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards for the Public Trustee are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Public Trustee's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The Public Trustee has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Public Trustee's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Public Trustee enters into, all of the Public Trustee's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used in notes 2(i) and 22). In the case of the Public Trustee's current receivables, as they are short term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the Public Trustee's operating result.

A significant impact of the new measurement requirements on the Public Trustee is that the 'held to maturity' investment described in notes 2(i), 13 and 22 will need to be measured at fair value. In addition, that investment will no longer be classified as 'held to maturity'. The Public Trustee is not yet able to reliably estimate what the fair value of this investment will be at the date of initial application of AASB 9. The difference between the carrying amount of this investment and its initial fair value will be recognised as an adjustment to the balance of retained earnings on initial application of AASB 9. AASB 9 allows an entity to make an irrevocable election at the date of initial recognition to present in 'other comprehensive income' subsequent changes in the fair value of such an asset. Queensland Treasury is currently considering mandating this accounting treatment when AASB 9 becomes effective.

The Public Trustee will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the Public Trustee enters into, the most significant ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment, and investments in equity instruments measured at fair value through other comprehensive income (e.g. the 'held to maturity' investment described in note 2(i)) and de-recognition of these.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Public Trustee's activities, or have no material impact on the Public Trustee.

The Public Trustee of Queensland
Notes to and forming part of the financial statements
for the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
3. Fees		
Administration of estates and trusts and other professional fees	74,042	72,227
Trust fees	5,440	6,205
Auctions revenue	1,698	2,308
Community service obligations	(29,081)	(27,198)
	52,099	53,542
4. Interest revenue		
Cash – 11am at call deposits	6,990	5,939
QIC unit trusts	1,425	1,352
Semi-government fixed interest debt securities	3,653	4,124
Corporate fixed interest debt securities	95	248
Corporate floating rate notes	2,717	3,182
Fixed rate deposits	15,512	13,391
Floating rate deposits	3,178	2,890
Other interest	41	2,176
	33,611	33,302
5. Other revenue		
Property rental	1,005	1,105
Sundry revenue	1,526	533
Archival services received below fair value	2,469	2,319
Gain on sale of semi-government fixed interest debt securities – available-for-sale	532	1,056
Gain/(loss) on revaluation of QIC unit trusts – at fair value through profit or loss	(171)	44
	5,361	5,057
6. Employee expenses		
Employee benefits		
Salaries and wages	35,012	33,871
Annual leave	3,512	3,443
Employer superannuation contributions	4,672	4,541
Long service leave	613	1,054
Employee related expenses		
Workers' compensation insurance	103	112
Payroll tax	(6)	2,041
Other employee related expenses	763	705
	44,669	45,767

The Public Trustee of Queensland
Notes to and forming part of the financial statements
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6. Employee expenses (continued)

Based on the Minimum Obligatory Human Resource Information (MOHRI) definition as provided by the Queensland Public Service Commission, the number of FTEs as at reporting date is 537 (2014: 548).

(a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Public Trustee during 2014-15, as set out in the table below. Further information on these positions can be found in the body of the annual report under the section relating to Executive Management.

Position	Responsibilities	Current incumbents	
		Contract classification & appointment authority	Date appointed to position (Date term completed)
Acting Public Trustee of Queensland	The Acting Public Trustee of Queensland is responsible for the efficient, effective and economic administration of the agency.	<i>Public Trustee Act 1978</i>	23/03/2014*
Deputy Public Trustee of Queensland and Official Solicitor	The Deputy Public Trustee of Queensland and Official Solicitor is responsible for driving the strategic operational planning process and performing the duties of Official Solicitor.	<i>S122 contract Public Service Act 2008</i> SES3.4 equivalent	23/11/2010*
Acting Official Solicitor	The Acting Official Solicitor is responsible for performing the duties of Official Solicitor and is responsible for leading the Office of Official Solicitor to provide timely cost effective and quality legal advice to the Public Trustee.	<i>Public Service Act 2008</i> SES2.1 equivalent	24/03/2014 (Temporary assignment)
Executive Director, Corporate Services	The Executive Director, Corporate Services is responsible for leading the Corporate Services Program to achieve financial viability and support key internal functions.	<i>Public Service Act 2008</i> SES 2.2	12/09/2011 (17/10/2014)**
Executive Director, Client Services	The Executive Director, Client Services is responsible for leading the Client Services Program to achieve financial viability and support the community and clients.	<i>Public Service Act 2008</i> SES 2.4	04/10/2011

The Public Trustee of Queensland
Notes to and forming part of the financial statements
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6. Employee expenses (continued)

(a) Key management personnel (continued)

Position	Responsibilities	Current incumbents	
		Contract classification & appointment authority	Date appointed to position (Date term completed)
Executive Director, Investment Services and Chief Finance Officer	The Executive Director, Investment Services and Chief Finance Officer is responsible for leading the Finance and Investments Program including responsibility for financial planning.	<i>Public Service Act 2008</i> SES 2.5	04/06/2012

* The Deputy Public Trustee of Queensland and Official Solicitor has been Acting Public Trustee of Queensland from 23/03/2014.

** From 20/10/2014, the duties of the Executive Director, Corporate Services have been assumed and performed by the Executive Director, Investment Services and Chief Finance Officer in addition to his substantive duties.

Remuneration expenses

Remuneration policy for the Public Trustee's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key management personnel are specified in employment contracts. These include amounts received or receivable in relation to leave accruals including, industry allowances, leave loading and fringe benefits such as private use of a motor vehicle and employer superannuation contributions.

Remuneration packages for key management personnel comprise the following components:

- Short term employee expenses which include:
 - Base – consisting of base salary (effectively equating to 52 weeks' salary)
 - Vehicle allowance (cash) and movement in annual leave – includes a car allowance (where no vehicle or one of a lesser value is taken), the movement in annual leave entitlements during the financial year and leave loading, and
 - Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned;
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations;
- Termination provisions are specified within individual contracts of employment. Contracts of employment provide for notice periods, service and separation payments and a repayment clause. No reason needs to be given for a contract termination; and
- The Acting Public Trustee of Queensland is employed under the *Public Trustee Act 1978* and is not eligible for consideration for a performance bonus. Other key management personnel are also not eligible for performance bonuses.

The Public Trustee of Queensland
Notes to and forming part of the financial statements
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6. Employee expenses (continued)

(a) Key management personnel (continued)

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee expenses and post-employment expenses, as set out in the following tables.

1 July 2014 – 30 June 2015

Position	Short term employee expenses			Long term employee expenses	Post employment expenses	Total remuneration
	Base	Vehicle allowance (cash) & movement in annual leave	Non-monetary			
	\$'000	\$'000	\$'000			
Acting Public Trustee of Queensland	288	57	-	67	37	449
Acting Official Solicitor	134	16	11	7	17	185
Executive Director, Corporate Services (completed 17/10/2014)	43	3	-	(16)	6	36
Executive Director, Client Services	153	31	-	4	19	207
Executive Director, Investment Services and Chief Finance Officer	160	33	-	-	20	213
Total remuneration	778	140	11	62	99	1,090

The Public Trustee of Queensland
Notes to and forming part of the financial statements
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6. Employee expenses (continued)

(a) Key management personnel (continued)

1 July 2013 – 30 June 2014

Position	Short term employee expenses			Long term employee expenses	Post-employment expenses	Total remuneration
	Base	Vehicle allowance (cash) & movement in annual leave	Non-monetary			
	\$'000	\$'000	\$'000			
Public Trustee of Queensland (term completed 23/03/2014)	216	(6)	22	-	26	258
Acting Public Trustee of Queensland	82	-	-	-	6	88
Deputy Public Trustee of Queensland and Official Solicitor	129	19	6	6	16	177
Acting Official Solicitor	35	-	-	-	4	39
Executive Director, Corporate Services	137	25	5	6	17	190
Executive Director, Client Services	150	5	24	4	19	202
Acting Executive Director, Client Services	11	-	-	-	1	12
Executive Director, Investment Services and Chief Finance Officer	156	32	-	-	20	208
Total remuneration	916	75	57	16	110	1,174

2015
\$'000

2014
\$'000

7. Supplies and services

Advertising and promotion	153	224
Archival services received below fair value	2,469	2,319
Auction expenses	39	132
Computer expenses	3,019	3,282
Consultants, contractors and agency temporary staff	2,148	2,844
Fixed assets repairs and expenses	1,474	1,315
Investment and registry fees	2,375	2,344
Motor vehicles and travel	206	286
Office expenses	2,115	1,876
Operating lease expense	453	525
Professional and management fees	1,258	1,109
Rates, utilities and cleaning	1,422	1,505
	17,131	17,761

The Public Trustee of Queensland
Notes to and forming part of the financial statements
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	2015	2014
	\$'000	\$'000
8. Other expenses		
Bad debts recoveries and write-offs*	138	(326)
Insurance premiums - QGIF	455	426
Insurance premiums - other	17	36
External audit fees**	336	344
Loss on sale of property, plant and equipment	263	156
Entertainment and hosting	1	3
Special payments***	230	-
	1,440	639

* Includes the Public Trustee's reimbursement/write-off relating to client matters 2015: \$196,477 (2014: \$245,118).

** Total audit fees paid to the Queensland Audit Office relating to the 2014-15 financial statements are estimated to be \$340,000 (2014: \$352,000) comprising the Public Trustee's financial statements of \$290,000 (2014: \$300,000) and the Public Trustee of Queensland Investment Funds (PTIFs) \$50,000 (2014: \$52,000). There are no non-audit services included in this amount.

*** Two out-of-court settlements were paid relating to deceased estates.

9. Interest expense

Interest paid to clients	14,355	12,637
Interest on unclaimed moneys	649	552
	15,004	13,189

10. Contributions

Contribution to the Office of the Public Guardian	1,096	1,063
Contribution to Queensland Community Foundation	77	74
Civil Law Legal Aid Scheme outlays	185	155
	1,358	1,292

11. Cash and cash equivalents

Cash at bank and on hand	1,965	2,729
Cash – 11am at call deposits	192,438	192,610
QIC unit trusts – at fair value through profit or loss	43,636	43,823
	238,039	239,162

The Public Trustee of Queensland
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	2015	2014
	\$'000	\$'000
12. Receivables		
General receivables	903	297
Accrued revenue	7,752	8,572
Client receivables	6,710	7,344
Civil Law Legal Aid Scheme Advances	1,693	1,908
	17,057	18,121
Less: Allowance for impairment	(1,111)	(1,246)
	15,946	16,875
Impairment		
Allowance for impairment as at 1 July	(1,246)	(3,989)
Amounts written off during the financial year	548	2,254
(Increase)/decrease in allowance for impairment recognised within statement of comprehensive income	(413)	489
Allowance for impairment as at 30 June	(1,111)	(1,246)
13. Other financial assets		
Current		
<i>Available for sale</i>		
Semi-government fixed interest debt securities	92,509	82,664
Corporate fixed rate bonds	20,537	-
Corporate floating rate notes	82,282	67,670
	195,328	150,334
<i>Held to maturity</i>		
Fixed rate deposits	133,075	112,710
Floating rate deposits	-	5,017
	133,075	117,727
	328,403	268,061
Non-current		
<i>Held to maturity</i>		
Fixed rate deposits	200,699	190,058
Floating rate deposits	80,764	70,727
	281,463	260,785

The Public Trustee of Queensland
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	2015	2014
	\$'000	\$'000
14. Property, plant and equipment		
Land		
At fair value	14,690	14,694
	<u>14,690</u>	<u>14,694</u>
Buildings		
At fair value	48,203	45,695
At cost	3,040	3,040
Less: Accumulated depreciation	(30,981)	(28,287)
	<u>20,262</u>	<u>20,448</u>
Plant and equipment		
At cost	6,556	5,764
Less: Accumulated depreciation	(2,659)	(2,146)
	<u>3,897</u>	<u>3,618</u>
Work in progress		
At cost	293	1,113
	<u>293</u>	<u>1,113</u>
Total property, plant and equipment	<u>39,142</u>	<u>39,873</u>

The Public Trustee has property, plant and equipment with a gross cost of \$262,238 (2014: \$180,411) which are still in use but have been fully depreciated.

Land and buildings

The Public Trustee's land and buildings were last comprehensively revalued based on specific appraisals by Herron Todd White Pty Ltd and CBRE Valuations Pty Ltd at 30 June 2014.

During 2014-15, land fair values were updated using indexation (refer note 2(j)). The State Valuation Service provided appropriate indices that were derived from observable inputs such as market data and publicly available information on market transactions.

An interim revaluation of commercial buildings was also undertaken by indexation using the implicit price deflator for non-residential construction commercial buildings index obtained from the Australian Bureau of Statistics.

The Public Trustee has reviewed these indices and believes they reflect a valid estimation of the assets' fair value at reporting date, taking into account the most recent valuations.

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14. Property, plant and equipment (continued)

Property, plant and equipment

	Land Level 3 \$'000	Buildings Level 3 \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2014	14,694	20,448	3,618	1,113	39,873
Acquisitions	-	-	388	299	687
Disposals	-	(33)	(160)	(327)	(520)
Transfers between asset classes	-	69	723	(792)	-
Assets reclassified as held for sale	(120)	(220)	-	-	(340)
Net revaluation increments	116	995	-	-	1,111
Depreciation	-	(997)	(672)	-	(1,669)
Carrying amount at 30 June 2015	14,690	20,262	3,897	293	39,142

Property, plant and equipment

	Land Level 3 \$'000	Buildings Level 3 \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2013	14,908	25,721	2,645	427	43,701
Acquisitions	-	-	15	1,572	1,587
Disposals	-	-	(55)	-	(55)
Transfers between asset classes	550	(783)	1,669	(886)	550
Net revaluation decrements	(765)	(3,190)	-	-	(3,955)
Depreciation	-	(1,300)	(656)	-	(1,956)
Carrying amount at 30 June 2014	14,694	20,448	3,618	1,113	39,873

The Public Trustee of Queensland
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	2015	2014
	\$'000	\$'000
15. Deposits held in trust		
Deceased estates	166,470	160,362
Protective management	297,636	268,046
Minors, general and testamentary trusts	211,607	175,767
Other	25,241	27,074
	700,954	631,249
16. Provision for employee benefits		
Salary and wages outstanding	304	161
Recreation leave	4,261	4,397
Paid parental leave	13	9
Long service leave – current	6,983	6,380
Current accrued employee benefits	11,561	10,947
Long service leave – non-current	1,417	2,311
Non-current accrued employee benefits	1,417	2,311
Total accrued employee benefits	12,978	13,258
17. Reconciliation of operating result to net cash from operating activities		
Operating result	9,453	11,187
Depreciation expense	1,669	1,956
Amortisation expense	347	110
Net gain on sale of plant and equipment and other financial assets	(269)	(900)
Archival services received below fair value - revenue	(2,469)	(2,319)
Archival services received below fair value - expense	2,469	2,319
Equity adjustment	23	-
Change in assets and liabilities:		
Decrease in receivables	929	7,836
Increase in prepayments	(326)	(178)
Decrease in payables	(463)	(2,620)
Increase/(decrease) in provision for employee benefits	(280)	21
Increase in assets held for clients	69,705	103,746
Net cash from operations	80,788	121,158

The Public Trustee of Queensland
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2015 **2014**
\$'000 **\$'000**

18. Commitments for expenditure

Material expenditure commitments (inclusive of GST other than grants which are GST exclusive) contracted for but not recognised as payable include:

(a) Operational expenditure commitments

Commitments for operational expenditure as at reporting date are payable as follows:

Not later than one year	3,827	4,152
Later than one year and not later than five years	195	3,322
	4,022	7,474

The Public Trustee also holds cancellable motor vehicle operating leases with QFleet 2015: \$322,000 (2014: \$512,000).

(b) Non-cancellable operating lease commitments

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

Not later than one year	344	238
Later than one year and not later than five years	82	287
	426	525

Operating leases are office accommodation for the Public Trustee. Lease payments are generally fixed but with inflation escalation clauses.

(c) Contribution commitments

Contribution commitments not later than one year at reporting date are payable as follows:

Commitment for funding the Office of the Public Guardian	1,112	1,107
Commitments for contributions to the Queensland Community Foundation	80	90
	1,192	1,197

(d) Capital commitments

Capital commitments not later than one year at reporting date are payable as follows:

Buildings	114	-
Plant and equipment	250	-
	364	-

19. Contingent liabilities

As at balance date, the Public Trustee was a party to four (2014: four) cases in which litigation was in progress in the Supreme Court of Queensland, one case (2014: nil) in which litigation was in progress in the District Court of Queensland, and one case (2014: nil) in which litigation was in progress in the Federal Court of Australia.

As at balance date, the Public Trustee has received notification of 28 other matters (2014: 25) that are not yet subject to court action. These cases may result in subsequent litigation. The Public Trustee is insured in relation to claims of negligence and only liable to a maximum of \$100,000 per claim.

The Public Trustee's legal advisers and management believe that it would be misleading to estimate the final amounts payable (if any) in relation to these claims at this time.

The Public Trustee of Queensland
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20. Administered unclaimed moneys

The Public Trustee administers but does not control the Unclaimed Moneys Fund on behalf of the Queensland Government. In doing so, the Public Trustee has responsibility and is accountable for administering related transactions and items but does not have the discretion to deploy these resources for the achievement of the Public Trustee's objectives. Consequently these transactions and balances are not recognised in the financial statements but are disclosed in these notes for the information of users.

The investments of the Fund are being managed through the Public Trustee Common Fund which has a capital guarantee and a regulated rate of interest.

	2015	2014
	\$'000	\$'000
Administered income		
Interest from investing activities	649	552
Unclaimed moneys recognised as Consolidated Revenue	2,964	1,983
Total	3,613	2,535
Administered expenses		
Management fees	178	147
Capital rebate fee	764	-
Revenue transferable to government	2,671	2,388
Total	3,613	2,535
Net surplus/(deficit)	-	-
Administered assets		
Current		
Receivables	942	147
Other financial assets	31,926	24,271
Total	32,868	24,418
Administered liabilities		
Current		
Other payables	3,613	2,536
Total	3,613	2,536
Non-current		
Unclaimed moneys fund balance	29,255	21,882
Total	29,255	21,882
Net assets	-	-
Equity		
General reserves	-	-

During 2014-15, funds totalling \$2.3M (2013-14 \$3.1M) were transferred to the Consolidated Fund in accordance with the provision of the *Public Trustee Act 1978*.

The Public Trustee of Queensland
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21. Other funds managed by the Public Trustee

Client assets held outside the Common Fund

The Public Trustee has responsibility for the control and management of clients' assets such as property and investments which do not form part of the Common Fund. These clients also include the Queensland Community Foundation, the Queensland Aboriginal & Torres Strait Islander Foundation, the Lady Bowen Trust, the Forde Foundation and the Gladstone Foundation. Values attributed to these assets are as follows:

Clients assets held outside the Common Fund - 2015	Deposits at call	Other investments	Pre and post retirement products	Realty	Other	PTIF	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Protective management (including assisted living)	55,626	67,072	130,540	289,618	130,644	138,845	812,345
Deceased estates	48,434	25,081	13,969	243,742	18,633	1,670	351,529
Minor, general and testamentary trusts	25,131	21,221	3,265	127,843	15,773	185,175	378,408
Other	9,196	11,868	4,041	18,825	41,004	15,630	100,564
Total	138,387	125,242	151,815	680,028	206,054	341,320	1,642,846

Clients assets held outside the Common Fund - 2014	Deposits at call	Other investments	Pre and post retirement products	Realty	Other	PTIF	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Protective management (including assisted living)	56,880	62,742	92,085	275,728	127,891	172,659	787,985
Deceased estates	55,582	25,867	17,722	254,231	14,997	2,085	370,484
Minor, general and testamentary trusts	33,455	21,104	3,810	127,973	19,270	198,972	404,584
Other	8,496	11,200	2,594	16,823	40,335	18,980	98,428
Total	154,413	120,913	116,211	674,755	202,493	392,696	1,661,481

The Public Trustee of Queensland

Notes to and forming part of the financial statements for the year ended 30 June 2015

21. Other funds managed by the Public Trustee (continued)

Deposits at call

Deposits at call represent balances held in bank accounts and other short term deposits. Short term deposits are valued as at 30 June each year. Balances held in bank accounts are generally valued at commencement of the file and subsequently at the most recent review.

Other investments

Other investments represent listed equities, unit trusts, fixed interest rate investments, unlisted shares and unlisted unit trust investments. Listed equities are valued at fair value (market value). Other investments are valued by reference to written advice from the relevant financial institution, company or share registry and are recorded based on the latest available information.

Pre and post retirement products

Pre and post retirement products represent funds held in superannuation, account based pensions, life insurance policies, annuities and pension accounts. Assets are valued annually based on the latest product statement.

Realty

Realty comprises land and buildings. Generally, property values are provided by the Public Trustee valuers or external valuers upon commencement of the file. Different valuation rules and review dates apply depending on the type of client (e.g. deceased estate, disability service, trust) and the services provided by the Public Trustee. Detailed valuation rules are contained in relevant operating manuals of the Public Trustee.

Other Assets

Other assets include all assets not separately included above. This category includes jewellery, valuables, furniture and effects, goods and chattels, farm machinery, motor vehicles, watercraft and any other motorised vehicles and livestock. Different valuation rules and review dates apply to each separate type of asset. Detailed valuation rules are contained in relevant operating manuals of the Public Trustee.

Public Trustee of Queensland Investment Funds

Financial assets are invested in QIC General Investment Funds and are valued at fair value (market value) as at 30 June each year. For further information, refer to the Public Trustee of Queensland Investment Funds' (PTIF) General Purpose Financial Report as at 30 June each year. The financial report of the PTIF is independently audited by the Queensland Audit Office.

22. Financial instruments

(a) Risk management framework

The Public Trustee's activities expose it to a variety of financial risks, including market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Public Trustee's risk management program focuses on ensuring compliance with the overall risk management framework set by the Public Trust Office Investment Board (Investment Board) and seeks to maximise the returns derived for prudent levels of risk. The performance of the investments is monitored by the Investment Board on a monthly basis.

The Public Trustee of Queensland
Notes to and forming part of the financial statements
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22. Financial instruments (continued)

(a) Risk management framework (continued)

The Investment Board monitors these risks using a variety of methods including sensitivity analysis, monitoring of counterparty credit ratings, diversification and careful selection of securities and counterparties, maturity analysis, monitoring the duration of the portfolio, assessments of performance versus benchmark, and continual monitoring of current and expected changes in economic conditions.

The management of the Public Trustee's Investment Services Sub-Program (Investment team) has been given a discretionary authority to manage the assets in line with the Public Trustee's investment objectives. In instances where the portfolio diverges from authorised limits and ranges, the Public Trustee is obliged to take actions to rebalance the portfolio in line with the authorised limits and ranges, within prescribed time limits.

The Public Trustee does not undertake any hedging activities, foreign exchange exposures or enter into derivative financial instruments for speculative purposes.

The financial risks to which the Public Trustee is exposed and the framework adopted by the Public Trustee to manage those risks is consistent with the previous reporting period.

(b) Market risk

The Public Trustee's interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Investment Board reviews the investment strategy of the Common Fund against the objectives on an annual basis. The objectives include the management of interest rate risk attributable to interest payable and interest receivable. Further, the Public Trustee, in consultation with the Investment Board review "*interest rates payable on moneys held in the Common Fund*" on a monthly basis. The interest rates are prescribed by Regulation, upon recommendation of the Public Trustee, based on a number of market factors. The interest rates are based on market factors and indirectly subject to external interest rate risk and have been included in the net change of comprehensive income and other components of equity.

The following table summarises the impact on the Public Trustee's comprehensive income for the year and on equity through changes in fair value or changes in future cash flows. The changes in fair values are based on the assumption that interest rates change by +/- 50 basis points, based on the modified duration of the relevant financial assets at the end of the reporting period with all other variables held constant. The impact mainly arises from changes in the fair value of fixed interest debt securities.

Investment impact on comprehensive income and other components of equity	2015 \$'000	2014 \$'000
Interest rate change +50 basis points	(2,337)	(1,520)
Interest rate change -50 basis points	2,337	1,520

The 50 basis points change in interest rates has been determined on management's best estimate, having regard to historical movements of changes in interest rates, current economic indicators and is not necessarily indicative of the effect on comprehensive income or equity of future movements in interest rates.

The Public Trustee of Queensland
Notes to and forming part of the financial statements
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22. Financial instruments (continued)

(c) Credit risk

The Public Trustee is exposed to credit risk. Credit risk relates to the likelihood of default and the scale of losses arising from any default. The Common Fund Credit Policy seeks to minimise the likelihood of default and likely losses from any default.

Specifically, the Credit Policy seeks to minimise the following three main types of credit risk:

- default risk – the risk that an issuer of a security fails to make timely payments of principal and interest;
- credit spread risk – the risk that the yield on a bond rises by more than general market yields thus causing a relative decline in the market value of the affected bonds; and
- credit ratings transition risk – the risk that the credit rating of an individual bond is downgraded, thereby potentially causing the yield on the affected bond to rise and the market value to fall.

In accordance with the Public Trustee's policy, the credit positions are monitored on a daily basis and the Investment Board reviews it on a monthly basis. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets.

(i) Debt securities - fixed and floating rate

An analysis of the Public Trustee's exposure to debt securities is set out in the table below:

	2015	2014
	\$'000	\$'000
<i>Available for sale</i>		
Semi-government bonds fixed interest debt securities		
'AAA' credit rating*	15,949	29,944
'AA+' credit rating*	76,560	52,720
Corporate fixed rate bonds		
'AAA' credit rating*	7,691	-
'AA-' credit rating*	12,846	-
Corporate floating rate notes		
'AA-' credit rating*	77,216	67,670
'A+' credit rating*	5,066	-
	195,328	150,334

* as determined by Standard and Poor's.

(ii) QIC unit trusts

The credit risk arising on investments in unlisted unit trusts is mitigated by investing with managers who are well recognised and have a proven track record of delivering on their stated investment objectives. The Investment Manager at the unlisted unit trust level carries out extensive due diligence on any proposed manager prior to making an investment and continual monitoring of the Investment Manager by the Public Trustee is also carried out on an ongoing basis.

The Public Trustee of Queensland
Notes to and forming part of the financial statements
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22. Financial instruments (continued)

(c) Credit risk (continued)

(iii) Deposits – fixed and floating rate

An analysis of the Public Trustee's exposure to deposits by counterparty rating is set out in the table below:

'AA-' credit rating*	372,062	348,390
'A+' credit rating*	28,254	25,223
'A-' credit rating*	14,222	4,899
	414,538	378,512

* as determined by Standard and Poor's.

(iv) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of 'A' (as determined by Standard and Poor's) or higher.

(v) Receivables

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired.

2015 Individually impaired receivables ageing analysis					
	< 30 Days	30 – 60 Days	61 – 90 Days	> 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables past due but not impaired	-	8	15	-	23
Receivables (gross) past due and impaired	18	9	6	1,065	1,098
Allowance for impairment	(9)	(4)	(3)	(1,013)	(1,029)
Carrying amount	9	13	18	52	92

2014 Individually impaired receivables ageing analysis					
	< 30 Days	30 – 60 Days	61 – 90 Days	> 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables past due but not impaired	-	3	9	-	12
Receivables (gross) past due and impaired	15	15	3	1,176	1,209
Allowance for impairment	(8)	(8)	(2)	(1,141)	(1,159)
Carrying amount	7	10	10	35	62

As at 30 June 2015, receivables not past due were \$15.9m (2014: \$16.9m).

(vi) Other

The Public Trustee is not materially exposed to credit risk on other financial assets.

The Public Trustee of Queensland
Notes to and forming part of the financial statements
for the year ended 30 June 2015

22. Financial instruments (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Public Trustee may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The majority of the Public Trustee's investments are generally considered readily realisable, as they are instruments that are traded in active markets. The Investment Board has a policy on having a minimum of 5% of assets in a form able to be liquidated in 24 hours.

The Public Trustee is exposed to liquidity risk through its management and administration of amounts held on behalf of clients. The portfolio positioning is generally matched to the expected duration of the amounts held on behalf of clients.

Deposits held in trust are classified as current liabilities in the statement of financial position as they are available at call, however for the purpose of this note disclosure the maturity groupings below are based on the Public Trustee's estimate of the likely cash outflows that will arise from these liabilities. The amounts in the table are the undiscounted cash flows.

	< 1 year	1 – 4 years	4 – 7 years	> 7 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2015					
Deposits held in trust	192,924	105,388	62,075	340,567	700,954
Payables	3,284	-	-	-	3,284
Total	196,208	105,388	62,075	340,567	704,238

	< 1 year	1 – 4 years	4 – 7 years	> 7 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2014					
Deposits held in trust	106,147	178,930	125,013	221,159	631,249
Payables	3,603	-	-	-	3,603
Total	109,750	178,930	125,013	221,159	634,852

(e) Fair value hierarchy

The carrying amounts of the Public Trustee's assets and liabilities at the end of each reporting period approximate their fair values.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The Public Trustee of Queensland
Notes to and forming part of the financial statements
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22. Financial instruments (continued)

(e) Fair value hierarchy (continued)

The tables below set out the Public Trustee's financial assets (by class) measured at fair value according to the fair value hierarchy at 30 June 2015 and 30 June 2014. The table does not contain information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

	Level 1 \$'000	Level 2 \$'000	Total \$'000
30 June 2015			
Financial assets			
Cash – 11am at call deposits	192,438	-	192,438
QIC unit trusts	-	43,636	43,636
Semi-government fixed interest debt securities	92,509	-	92,509
Corporate fixed rate bonds	20,537	-	20,537
Corporate floating rate notes	82,282	-	82,282
Fixed rate deposits	-	333,774	333,774
Floating rate deposits	-	80,764	80,764
	387,766	458,174	845,940
30 June 2014			
Financial assets			
Cash – 11am at call deposits	192,610	-	192,610
QIC unit trusts	-	43,823	43,823
Semi-government fixed interest debt securities	82,664	-	82,664
Corporate floating rate notes	67,670	-	67,670
Fixed rate deposits	-	302,768	302,768
Floating rate deposits	-	75,744	75,744
	342,944	422,335	765,279

Investments whose values are based on quoted market prices in active markets, are therefore classified within level 1. Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

There have been no transfers between levels 1 and 2 for financial assets during the reporting period.

23. Events occurring after the reporting period

There are no other matters or circumstances which have arisen since the end of the reporting period that have significantly affected or may significantly affect the operations of the Public Trustee, the results of those operations, or the state of affairs of the Public Trustee in future years.

The Public Trustee of Queensland
Notes to and forming part of the financial statements
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24. Budget vs actual comparison

Statement of comprehensive income

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Revenue					
Fees		51,477	52,099	622	1.2%
Interest revenue		32,414	33,611	1,197	3.7%
Other revenue		3,845	5,361	1,516	39.4%
Total revenue		87,736	91,071	3,335	3.8%
Expenses					
Employee expenses	1	51,041	44,669	6,372	12.5%
Supplies and services	2	18,897	17,131	1,766	9.3%
Other expenses		805	1,440	(635)	(78.9%)
Depreciation and amortisation		2,073	2,016	57	2.7%
Interest expense	3	13,592	15,004	(1,412)	(10.4%)
Grants		1,297	1,358	(61)	(4.7%)
Total expenses		87,705	81,618	6,087	6.9%
Operating result		31	9,453	9,422	>100.0%
Other comprehensive income					
<u>Items that will not be reclassified subsequently to operating result</u>					
Increase in asset revaluation surplus		-	1,111	1,111	100.0%
Equity adjustment		-	23	23	100.0%
<u>Items that will be reclassified subsequently to operating result when certain conditions are met</u>					
Net loss on available-for-sale financial assets		-	(1,064)	(1,064)	(100.0%)
Total other comprehensive income		-	70	70	100.0%
Total comprehensive income		31	9,523	9,492	>100.0%

The Public Trustee of Queensland
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24. Budget vs actual comparison (continued)

Statement of financial position

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Assets					
Current assets					
Cash and cash equivalents		249,701	238,039	(11,662)	(4.7%)
Receivables		15,963	15,946	(17)	(0.1%)
Other financial assets	4	430,117	328,403	(101,714)	(23.6%)
Prepayments		587	1,189	602	>100.0%
		696,368	583,577	(112,791)	(16.2%)
Non-current assets classified as held for sale		2,200	340	(1,860)	(84.5%)
Total current assets		698,568	583,917	(114,651)	(16.4%)
Non-current assets					
Other financial assets	5	75,685	281,463	205,778	>100.0%
Property, plant and equipment	6	45,584	39,142	(6,442)	(14.1%)
Intangible assets		4,116	1,052	(3,064)	(74.4%)
Total non-current assets		125,385	321,657	196,272	>100.0%
Total assets		823,953	905,574	81,621	9.9%
Liabilities					
Current liabilities					
Payables		20,786	3,284	17,502	84.2%
Deposits held in trust	7	611,742	700,954	(89,212)	(14.6%)
Provision for employee benefits		7,754	11,561	(3,807)	(49.1%)
Total current liabilities		640,282	715,799	(75,517)	(11.8%)
Non-current liabilities					
Provision for employee benefits		7,664	1,417	6,247	81.5%
Total non-current liabilities		7,664	1,417	6,247	81.5%
Total liabilities		647,946	717,216	(69,270)	(10.7%)
Net assets		176,007	188,358	12,351	7.0%
Equity					
Asset revaluation surplus		25,587	25,026	(561)	(2.2%)
Retained earnings		150,420	163,332	12,912	8.6%
Total equity		176,007	188,358	12,351	7.0%

The Public Trustee of Queensland
Notes to and forming part of the financial statements
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24. Budget vs actual comparison (continued)

Statement of cash flows

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Cash flows from operating activities					
<i>Inflows:</i>					
Fees received		53,324	53,459	135	0.3%
Interest revenue received		32,314	33,441	1,127	3.5%
Other revenue received		409	1,383	974	>100.0%
GST collected from customers		-	8,186	8,186	100.0%
Net amount accepted of deposits held in trust	8	-	70,351	70,351	100.0%
<i>Outflows:</i>					
Payments to suppliers and employees	1,2	(64,198)	(62,770)	1,428	2.2%
GST paid to suppliers		-	(4,232)	(4,232)	(100.0%)
GST remitted to ATO		-	(4,026)	(4,026)	(100.0%)
Interest expense	3	(12,468)	(15,004)	(2,536)	(20.3%)
Contributions		(1,297)	-	1,297	100.0%
Other		(894)	-	894	100.0%
Net cash provided by operating activities		7,190	80,788	73,598	>100.0%
Cash flows from investing activities					
<i>Inflows:</i>					
Sales of other financial assets	8	-	132,564	132,564	100.0%
Sales of property, plant and equipment		550	159	(391)	(71.1%)
<i>Outflows:</i>					
Payments for other financial assets	8	-	(214,115)	(214,115)	(100.0%)
Payments for property, plant and equipment	9	(10,005)	(519)	9,486	94.8%
Payments for intangibles		(1,958)	-	1,958	100.0%
Net cash flow used in investing activities		(11,413)	(81,911)	(70,498)	<(100.0%)
Cash flows from financing activities					
<i>Inflows:</i>					
Borrowings	8	6,382	-	(6,382)	(100.0%)
Net cash flow used in investing activities		6,382	-	(6,382)	(100.0%)
Net increase/(decrease) in cash and cash equivalents		2,159	(1,123)	(3,282)	<(100.0%)
Cash and cash equivalents at beginning of the financial year		247,542	239,162	(8,380)	(3.4%)
Cash and cash equivalents at end of the financial year		249,701	238,039	(11,662)	(4.7%)

The Public Trustee of Queensland
Notes to and forming part of the financial statements
for the year ended 30 June 2015

24. Budget vs actual comparison (continued)

Administered unclaimed moneys

	Variance Notes	Original Budget 2015 \$'000	Actual 2015 \$'000	Variance \$'000	Variance % of Budget
Administered income					
Interest from investing activities	10	505	649	144	28.5%
Unclaimed moneys recognised as Consolidated Revenue		2,941	2,964	23	0.8%
Total		3,446	3,613	167	4.8%
Administered expenses					
Management fees	11	-	178	(178)	(100.0%)
Capital rebate fee	12	-	764	(764)	(100.0%)
Revenue transferable to government	13	3,446	2,671	775	22.5%
Total		3,446	3,613	(167)	(4.8%)
Net surplus/(deficit)		-	-	-	-
Administered assets					
Current					
Receivables	11,12	-	942	942	100.0%
Other financial assets	13	3,446	2,671	(775)	(22.5%)
Total		3,446	3,613	167	4.8%
Administered liabilities					
Current					
Other payables		3,446	3,613	(167)	(4.8%)
Total		3,446	3,613	(167)	(4.8%)
Non-current					
Unclaimed moneys fund balance		-	-	-	-
Total		-	-	-	-
Net administered assets		-	-	-	-
Administered equity					
General reserves		-	-	-	-

The above statement of administered unclaimed moneys does not include unclaimed moneys held by the Public Trustee for less than six years as these amounts are not yet transferrable to Consolidated Revenue and therefore not reported for budgetary purposes.

The total amount of unclaimed monies held by the Public Trustee for less than six years at 30 June 2015 was \$29.3m (refer financial statement note 20).

24. Budget vs actual comparison (continued)

Explanations of major variances

A budget vs actual comparison, and explanations of major variances, has not been included for the statement of changes in equity, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Statement of comprehensive income

1. Ongoing vacancies of, on average, 15 full-time equivalents throughout the financial year (\$2.2m) and savings in employee on-costs (\$0.9m), in addition to the Public Trustee budgeting for payroll tax and its associated on-costs (\$2.5m) but being ruled exempt effective 1 July 2014, have provided significant savings in salaries and wages for the year.
2. Significant savings have occurred due to the deferral of the purchase and maintenance of a number of smaller items of computer hardware and software (\$1.4m). In addition, the deferral of a number of operating projects expected to be completed during the year has resulted in savings in fees paid to consultants and contractors (\$0.4m). Projects deferred to the next financial year include a review of the Public Trustee's client information management system as well as an end-to-end review of deceased estate administration.
3. Interest expense was higher than budget due to increased holdings of client monies in the Common Fund (refer item 7 below) on which interest is payable by the Public Trustee. Deposits held in trust on average were approximately \$61.4m greater than anticipated in budget throughout the year.

Statement of financial position

4. Current other financial assets are lower than budget due to the Public Trustee holding an investment portfolio with a longer duration than anticipated in the budget. A flat interest rate outlook at the time resulted in the Public Trustee budgeting for a much larger investment in short-term and available-for-sale securities for the year. Due to favourable rates on offer during the year, the Public Trustee has invested more in non-current held-to-maturity deposits.
5. Non-current other financial assets are significantly higher than budget due to increased holdings of client monies in the Common Fund (refer item 7 below) and further investment in longer-term securities in the form of fixed and floating rate held-to-maturity deposits due to favourable rates on offer in the current interest rate environment.
6. Property, plant and equipment is lower than expected at balance date due mainly to the deferral of capital expenditure on buildings, most notably refurbishment works in respect to the Brisbane CBD (\$3.0m) and regional office buildings (\$6.3m). These deferrals in expenditure were partly offset by the upwards revaluation of land and buildings assets of \$1.1m as well as \$1.8m of the variance being attributable to a higher actual opening balance, compared to what was estimated in the budget, because of the difference between estimated and actual cash flows for the previous financial year.
7. Deposits held in trust were greater than anticipated at balance date following the further implementation of a revised investment strategy for clients with limited assets. For clients with investable assets of less than \$400,000 and an investment horizon of more than five years, the revised client investment strategy prescribes that the greater of \$50,000 or five years of expenditure is to be held in the Common Fund, and the balance held in the PTIF Growth Trust. This has resulted in more client funds being invested in the Common Fund.

24. Budget vs actual comparison (continued)

Statement of cash flows

8. The net amount accepted of deposits held in trust and the net payments for other financial assets were greater than expected for the financial year following the implementation of a revised investment strategy for clients with limited assets (refer item 7 above).

9. Payments for property, plant and equipment were lower than expected for the year due to the deferral of capital expenditure on buildings, most notably refurbishment works in respect to the Brisbane CBD (\$3.0m) and regional office buildings (\$6.3m).

Administered unclaimed moneys

10. Interest from investing activities is higher than budget due to a higher unclaimed moneys balance than expected. Unclaimed monies held on average were approximately \$7.5m greater than anticipated throughout the year.

11. Management fees include lodgement (\$0.1m), claim and income commission fees (\$0.1m) payable to the Public Trustee which were not included in budget. These fees are recoverable from Consolidated Revenue and therefore also included as receivables in this administered statement.

12. A capital rebate fee (\$0.8m) has been recognised after amounts claimed by Queenslanders and paid by the Public Trustee which had previously been transferred to Consolidated Revenue are now due to be reimbursed to the Public Trustee. The 2014-15 budget did not assume any amount for the reimbursement of these claims. This fee is recoverable from Consolidated Revenue and is therefore also included as a receivable in this statement.

13. Revenue transferable to government is less than budget due primarily to the capital rebate fee (\$0.8m) claimed by the Public Trustee (refer item 12 above) not being included in budget.

**Certification of the Public Trustee of Queensland
for the year ended 30 June 2015**

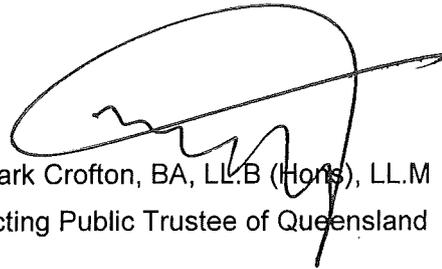
These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Public Trustee of Queensland for the financial year ended 30 June 2015 and of the financial position of the Public Trustee of Queensland at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



Tim Murphy, BBus, CA, F Fin
Executive Director Investment Services
& Chief Finance Officer

Date: 25 AUGUST 2015



Mark Crofton, BA, LL.B (Hons), LL.M
Acting Public Trustee of Queensland

Date: 25 AUGUST 2015

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Public Trustee of Queensland

Report on the Financial Report

I have audited the accompanying financial report of the Public Trustee of Queensland, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certificates given by the Public Trustee of Queensland and the Executive Director Investment Services and Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Accountable Officer's responsibility also includes such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Public Trustee of Queensland for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



M KEANE CA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

The Public Trustee of Queensland Growth Trust

Financial Statements

2014-15

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- PTIF 2 Statement of financial position
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- PTIF 4 Statement of cash flows
- PTIF 5 Notes to the financial statements
- PTIF 19 The Public Trustee of Queensland's Declaration
- PTIF 20 Independent Auditor's Report

General Information

The trustee of the Fund is the Public Trustee of Queensland (ABN 12 676 939 467).

For the purpose of this report 'the Public Trustee of Queensland' refers to the independent statutory individual and 'the Public Trustee' comprises all the operating activities under its control.

The principal address of the Public Trustee is:

Trustee House
444 Queen Street
Brisbane Qld 4000

For information in relation to the Public Trustee of Queensland Growth Trust's financial statements, please call (07) 3213 9288, email clientenq@pt.qld.gov.au or visit the Public Trustee's internet site at www.pt.qld.gov.au.

The Public Trustee of Queensland Growth Trust

Statement of comprehensive income

For year ended 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
Investment income			
Interest income		23	20
Net gains on financial instruments held at fair value through profit or loss	6	2,672	19,957
Distributions		10,250	10,292
Other income		105	19
Total net investment income		13,050	30,288
Expenses			
Trustee fees		(4,000)	(3,203)
Total operating expenses		(4,000)	(3,203)
Profit from ordinary activities		9,050	27,085
Finance costs attributable to unitholders			
Distributions to unitholders	8	(6,273)	(7,109)
Increase in net assets attributable to unitholders	7	(2,777)	(19,976)
Profit/(loss) for the period		-	-
Other comprehensive income		-	-
Total comprehensive income for the period		-	-

The above statement should be read in conjunction with the accompanying notes.

The Public Trustee of Queensland Growth Trust

Statement of financial position

As at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Assets			
Cash and cash equivalents		491	402
Distribution receivable		4,526	5,697
Other receivable		37	31
Financial assets held at fair value through profit or loss	9	277,642	238,270
Total assets		282,696	244,400
Liabilities			
Distributions payable	8	3,769	5,072
Redemption payable		134	98
Trustee fees payable		369	308
Total liabilities (excluding net assets attributable to unitholders)		4,272	5,478
Net assets attributable to unitholders – liability	7	278,424	238,922

The above statements should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2015

The Fund's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments Presentation*. As such the Fund has no equity and no items of changes in equity have been presented for the current or comparative year.

Changes in net assets attributable to unitholders are disclosed in Note 7.

The above statements should be read in conjunction with the accompanying notes.

The Public Trustee of Queensland Growth Trust

Statement of cash flows

For year ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Interest received		18	15
Reduced input tax credit - received		204	260
Distributions received		11,420	8,776
Trustee fees paid		(4,149)	(3,322)
Proceeds from sale of financial instruments held at fair value through profit or loss		12,287	18,765
Purchase of financial instruments held at fair value through profit or loss		(48,876)	(42,783)
Net cash flows used in operating activities	10	(29,096)	(18,289)
Cash flows from financing activities			
Proceeds from applications of units by unitholders		55,067	51,700
Payments for redemptions of units by unitholders		(18,307)	(22,326)
Distributions paid		(7,575)	(10,887)
Net cash flows from financing activities		29,185	18,487
Net increase in cash and cash equivalents		89	198
Cash and cash equivalents at the beginning of the year		402	204
Cash and cash equivalents at the end of the year		491	402

The above statements should be read with the accompanying notes.

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

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The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

1 General information

The Fund was constituted by a Trust Deed Poll on 10 July 1996.

The Growth Trust will terminate on 10 July 2076 unless terminated earlier in accordance with the provisions of the Trust Deed.

The Fund Administrator and Registry provider is BDO (Qld) Pty Ltd ACN 134 242 434.

The Investment Manager is QIC Limited ('QIC') ACN 130 539 123.

The financial statements for the year ended 30 June 2015 were authorised for issue by the Acting Public Trustee of Queensland and the Executive Director Investment Services and Chief Finance Officer at the date of signing the Public Trustee of Queensland's Declaration.

In previous years, the Public Trustee of Queensland Growth Trust was included in financial statements which also contained the Public Trustee of Queensland Conservative Fund, the Public Trustee of Queensland Australian Equities Fund and the Public Trustee of Queensland Higher Growth Trust. During June 2015, the Public Trustee determined to close the Public Trustee of Queensland Conservative Fund, the Public Trustee of Queensland Australian Equities Fund and the Public Trustee of Queensland Higher Growth Trust and it is expected that these funds will be terminated by the end of 2015. Accordingly, the financial statements for the Public Trustee of Queensland Growth Trust have been prepared on a stand-alone basis this financial year.

The Fund was established by the Public Trustee to provide clients of the Public Trustee with a wider range of investment options than are currently available through the Common Fund to better meet clients' longer-term financial goals.

The investment objective of the Fund is to provide a fully diversified investment strategy for those seeking long-term income and capital growth. The investment objective of the Fund is to generate average returns (net of fees and costs) of CPI + 1.9% per annum over rolling ten year periods.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

2.1 Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

All amounts are presented in Australian dollars and have been rounded to the nearest thousand dollars unless otherwise indicated.

These financial statements were prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

2.1.1 New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2014 that would be expected to have a material impact on the Fund.

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

2.2 Financial instruments

2.2.1 Classification

The Fund's investments are classified as at fair value through profit or loss. They are comprised of financial instruments designated at fair value through profit or loss upon initial recognition.

Financial assets designated at fair value through profit or loss upon initial recognition are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategies. The Fund's policy is for the Public Trustee to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

2.2.2 Recognition / derecognition

The Fund recognises financial assets and financial liabilities on the date they become party to the contractual agreement (trade date).

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

2.2.3 Measurement

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs.

Investments in unlisted unit trusts are recorded at the exit price as reported by the managers of the trusts.

Financial assets classified as receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities are measured at amortised cost using the effective interest rate.

Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets, effectively at fair value at the reporting date.

2.3 Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities as the Fund is required to distribute its taxable income. The units can be put back to the Fund at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Fund.

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in profit or loss.

2.4 Cash and cash equivalents

For the purpose of presentation in the statement of financial position and the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activities.

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

2.5 Investment income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gain on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2.2.

Trust distributions are recognised when the right to receive payment is established.

2.6 Income tax

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the income of the Fund.

The benefit of imputation credits and foreign tax paid are passed on to unitholders.

2.7 Distributions

In accordance with the Trust Deed, the Fund distributes income to unitholders by cash. Where unitholders chose to do so, these distributions may be reinvested into the Fund at the applicable application price. The distributions are recognised in profit or loss as finance costs attributable to unitholders.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

2.8 Receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of the last payment in accordance with the policy set out in Note 2.5. Amounts are generally received within 30 days of being recorded as receivables.

2.9 Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the end of the reporting period.

2.10 Applications and redemptions

The Fund utilises a buy-sell spread methodology to ensure that investors joining or leaving the Fund contribute to the transactions costs incurred by the Fund buying or selling assets within the Fund. The buy-sell spread is retained by the Fund (it is not a fee paid to the Public Trustee) to ensure equity among investors is maintained.

Application requests are processed utilising the application price to determine the number of units in the Fund to be issued. Redemption requests are processed utilising the redemption price to determine the number of units in the Fund to be cancelled.

2.11 Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as trustee fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 55% (2014: 55%); hence expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office (ATO). Payables are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

2.12 Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial investments, quoted market prices are readily available.

The Fund individually holds positions in various unlisted trusts and the investment managers of these funds may use estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

2.13 New and revised accounting standards

Certain new or amended accounting standards have been published that are not mandatory for the 30 June 2015 reporting period and have not been early adopted by the Fund. The Public Trustee's assessment of the impact of these new or amended standards (to the extent they are relevant to the Fund) is set out below:

2.13.1 AASB 9 Financial Instruments and applicable amendments (effective from 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

The Public Trustee does not expect this to have a significant impact on the recognition and measurement of the Fund's financial instruments as they are carried at fair value through profit or loss.

The derecognition rules have not been changed from the previous requirements, and the Fund does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Fund's investments are held at fair value through profit or loss, the change in impairment rules will not impact the Fund.

The Fund has not yet decided when to adopt AASB 9.

2.13.2 AASB 15 Revenue from Contracts with Customers (effective from 1 January 2017)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Public Trustee does not expect the adoption of the new revenue recognition rules to have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, and interest rate risk), credit risk and liquidity risk.

This note presents information about the Fund's exposure to each of the above risks, as well as the Fund's objectives, policies and processes for measuring and managing the risk.

The disclosures are prepared on the basis of the Fund's direct investments and not on a look-through basis to the underlying investments of the unlisted unit trusts that the Fund primarily holds.

(a) Risk management framework

The Fund maintains positions in a variety of unlisted unit trusts managed by QIC in accordance with the Fund's investment strategy.

The Fund's overall risk management program focuses on ensuring compliance with the Trust Deed and Product Information Statement and seeks to maximise the returns derived for prudent levels of risk. The primary method of mitigating or controlling risks to the Fund's investment portfolio is diversification.

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

3 Financial risk management (continued)

(a) Risk management framework (continued)

The Fund's investment manager has been given a discretionary authority to manage the assets in line with the Fund's investment objectives and employs a disciplined approach to the management of risk. The Fund's portfolio is constructed utilising investments that provide exposure to different assets classes, the returns from which have low correlation, so as to strengthen diversification and consequently reduce the overall effect on asset specific risk.

The Fund's investment manager will set asset allocation targets within the Dynamic Asset Allocation (DAA) ranges approved by the Public Trustee. The Fund's investment manager will alter the asset allocation targets to allow the portfolio to move within the DAA ranges, depending on expected future asset class returns.

The Fund's investment portfolio, compliance with the DAA ranges and the performance of the investments are monitored by the Public Trust Office Investment Board (Investment Board) on a monthly basis. In instances where the portfolio diverges from the DAA ranges, the Fund's investment manager is obliged to take actions to rebalance the portfolio in line with the established ranges, within prescribed time limits.

The Investment Board uses different methods to measure different types of risk to which the Fund is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ratings analysis for credit risk.

(b) Market risk

(i) Price Risk

The Fund is exposed to securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain, in particular the investments in unlisted unit trusts. Investments are classified in the statement of financial position as at fair value through profit or loss. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

As outlined earlier, the Fund's investment manager mitigates price risk through diversification and a careful selection of investments within the DAA ranges endorsed by the Investment Board. Compliance with the Trust Deed and Product Information Statement is reported to the Investment Board on a regular basis.

The table below is a summary of the DAA ranges pertaining to its Fund and the exposure of the Fund to these asset classes as at 30 June.

QIC Asset Class	Dynamic Asset Allocation Ranges			Actual Exposure	Actual Exposure
	Minimum	Equilibrium	Maximum	2015	2014
Australian equities	27%	32%	37%	34%	35%
International equities	18%	23%	28%	26%	27%
Fixed interest	0%	23%	40%	10%	10%
Cash	0%	12%	55%	30%	28%
Foreign exchange exposure*	0%	15%	28%	15%	15%

* The foreign exchange exposure is gained by investing in an unhedged international equities fund operated by QIC.

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

3 Financial risk management (continued)

(b) Market risk (continued)

The following table summarises the impact on the Fund's net assets attributable to unitholders of an increase/decrease in the value of the Fund's investment in unlisted unit trusts. The analysis is based on the assumptions that the unlisted unit trusts' net asset values increased by 7.5% (2014: 7.5%) and decreased by 7.5% (2014: 7.5%) with all other variables held constant.

As the Fund's portfolio is constructed utilising a range of unlisted unit trusts that provide exposure to different assets classes, the price risk represented by the change in the fair value of unlisted unit trusts will also be representative of changes in interest rates and foreign exchange rates that the unlisted unit trusts may also be exposed to.

	2015	2014
Impact on operating profit / net assets attributable to unitholders	\$'000	\$'000
Fair value of investments in unlisted unit trusts increased by 7.5%	20,823	17,870
Fair value of investments in unlisted unit trusts decreased by 7.5%	(20,823)	(17,870)

The sensitivity analysis presented is based upon the portfolio composition as at 30 June. The composition of the Fund's investment portfolio is expected to change over time. The sensitivity analysis prepared as at 30 June is not necessarily indicative of the effect on the Fund's net assets attributable to unitholders of future movements in the value of the investments in unlisted unit trusts.

The 7.5% change in unlisted unit trust net asset values has been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in the net asset values of the unlisted unit trusts.

However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performances of economies, markets and securities in which the Fund has exposure. As a result, historic variations in risk variables should not be used to predict future variations in risk variables.

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

When the investment manager formulates a view on the future direction of foreign exchange rates and the potential impact on the Fund, the investment manager factors that into its portfolio allocation decisions.

While the Fund has no direct exposure to foreign exchange rate changes, the Fund may be indirectly affected for example, by the impact of foreign exchange rate changes on the investments held by the unlisted unit trusts in which the Fund primarily invests. No sensitivity analysis has been prepared, however this may not necessarily indicate the effect on the Fund's net assets attributable to unitholders of future movements in foreign exchange rates. Please refer to Note 3(b)(i) for further details pertaining to the sensitivity of the investments in unlisted unit trusts.

(iii) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

3 Financial risk management (continued)

(b) Market risk (continued)

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities, namely its holdings in cash and cash equivalents. However, as there is no direct impact on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows as a result of any change in the year end interest rates, no sensitivity analysis has been prepared.

However, the Fund may be indirectly affected for example, by the impact of interest rate changes on the investments held by the unlisted unit trusts in which the Fund primarily invests. No sensitivity analysis has been prepared for this exposure, however this may not necessarily indicate the effect on the Fund's net assets attributable to unitholders of future movements in interest rates. Please refer to Note 3(b)(i) for further details pertaining to the sensitivity of the investments in unlisted unit trusts.

(c) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investments in unlisted unit trusts. The Fund is also exposed to a counterparty credit risk on cash and cash equivalents and other receivables.

(i) Unlisted unit trusts

The credit risk arising on investments in unlisted unit trusts is mitigated by investing with managers who are well recognised and have a proven track record of delivering on their stated investment objectives. Continual monitoring of the Fund's investment manager by the Investment Board is also carried out on an ongoing basis.

The Fund's investment manager separately carries out extensive due diligence on any proposed underlying managers to their unlisted unit trusts prior to making an investment allocation to ensure these managers are well recognised and have a proven track record of delivering on their stated investment objectives.

(ii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA- (as determined by Standard and Poor's) or higher.

The investment team of the Public Trustee monitors the Fund's credit position on a daily basis.

(iii) Other

The Fund is not materially exposed to credit risk on other financial assets.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due, or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable units. Investments in unlisted unit trusts expose the Fund to the risk that the manager of those unlisted unit trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Fund.

In order to manage the Fund's overall liquidity, the Public Trustee has the discretion to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders.

Units are redeemed on demand at the unitholder's option. Accordingly for both the 2014 and 2015 financial periods, the Fund's non-derivative financial liabilities contractual maturity is classified within 1 month. However, the Public Trustee does not envisage that the contractual maturity will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

4 Fair value measurement

The Fund measures and recognises financial assets at fair value through profit or loss (FVTPL) (see Note 6) on a recurring basis. The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

(i) Fair value in an active market

The fair value of financial assets traded in active markets is based on their quoted market prices at the end of the reporting period.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of substantially similar other instruments, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such funds.

Valuation techniques employed may not fully reflect all factors relevant to the position the Fund holds. Valuations may therefore be adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value of other receivables less any impairment provision and payables are assumed to approximate their fair values.

Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets, effectively at fair value at the reporting date.

Recognised fair value measurements

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Public Trustee. The Public Trustee considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The Fund's financial assets (by class) are all investments in unlisted unit trusts and measured at fair value according to the fair value hierarchy at 30 June 2015 and 30 June 2014.

The Fund's investments in unlisted unit trusts are classified within level 2 as these markets are not considered to be active but are valued based on alternative pricing sources supported by observable inputs. The Fund does not have any relevant assets classified as level 1 or level 3.

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

5 Remuneration of auditors

During the year audit fees of \$12,500 (2014: \$13,000) were paid or payable by the Public Trustee to Queensland Audit Office for services provided by the auditor of the Fund. Fees for the audit of financial statements are included as part of the Trustee Fees in the statement of comprehensive income.

6 Net gains on financial instruments held at fair value through profit or loss

Net gains recognised in relation to financial assets held at fair value through profit or loss.

	2015	2014
	\$'000	\$'000
Financial assets		
Unlisted unit trusts	2,672	19,957
Net gain on financial assets held at fair value through profit or loss	2,672	19,957

7 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	2015	2014
Amount	\$'000	\$'000
Opening balance	238,922	189,459
Applications	54,956	51,564
Redemptions	(18,342)	(22,213)
Units issued upon reinvestment of distributions	111	136
Change in net assets attributable to unitholders	2,777	19,976
Closing balance	278,424	238,922

Units (No's)

	Unit No's '000	Unit No's '000
Opening balance	287,293	251,352
Applications	65,559	62,607
Redemptions	(21,746)	(27,473)
Units issued upon reinvestment of distributions	134	807
Closing balance	331,240	287,293

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

7 Net assets attributable to unitholders (continued)

Capital risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are revised relative to the liquidity of the Fund's underlying assets on a daily basis by the Public Trustee. Under the terms of the Trust Deed, the Public Trustee has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders.

8 Distribution summary

The distributions for the year were as follows:

	2015	2015	2014	2014
	\$'000	CPU*	\$'000	CPU*
Distribution paid - 30 September	250	0.0819	110	0.0438
- 31 December	1,115	0.3518	1,203	0.4625
- 31 March	1,139	0.3534	724	0.2691
Distribution payable - 30 June	3,769	1.1380	5,072	1.7653
Total distribution	6,273	1.9251	7,109	2.5407

* CPU is cents per unit

9 Financial assets held at fair value through profit or loss

	2015	2014
	\$'000	\$'000
Unlisted unit trusts	277,642	238,270
Total financial assets held at fair value through profit or loss	277,642	238,270

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

9 Financial assets held at fair value through profit or loss (continued)

Comprising:

Unlisted unit trusts	2015	2014
	\$'000	\$'000
Units in Australian equity trusts	92,858	83,419
Units in international equity trusts	71,646	64,607
Units in cash trusts	84,565	66,301
Units in global fixed interest trusts	28,573	23,943
Total	277,642	238,270

An overview of the risk exposures of fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3.

10 Reconciliation of cash flows from operating activities

	2015	2014
	\$'000	\$'000
Profit/(loss) for the year	-	-
Increase in net assets attributable to unitholders	2,777	19,976
Distributions paid to unitholders	6,273	7,109
Net change in financial instruments held at fair value through profit or loss	(39,372)	(44,190)
Net change in receivables and other assets	1,165	(1,234)
Net change in payables	61	50
Net cash outflow from operating activities	(29,096)	(18,289)

There were no non-cash financing activities during the year or the prior year.

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

11 Related party transactions

(a) Trustee

The trustee of the Fund is the Public Trustee of Queensland.

(b) Key management personnel

Key management personnel that held positions of authority and responsibility for planning, directing and controlling the activities of the Fund during the financial year (and the previous financial year where relevant), unless otherwise stated, were key management personnel of the Public Trustee comprising:

Key management personnel	Position
Mark Crofton	Acting Public Trustee of Queensland
Tim Murphy	Executive Director, Investment Services and Chief Finance Officer
Frank Prostamo	Director, Investment Services

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

Key management personnel transactions

No key management personnel had any personal unit holdings or transactions with the Fund. No compensation was directly attributable to key management personnel.

(c) Trustee fees and other transactions

Under the terms of the Fund's Trust Deed and Product Information Statement, the Public Trustee is entitled to receive Trustee fees, calculated daily on the Fund's net asset value and paid monthly in arrears.

The fee covers the usual expenses incurred and includes the QIC's investment management fees charged to the Public Trustee in respect of each of the QIC funds and covers other expenses incurred by the Public Trustee such as auditing, accounting expenses and ongoing maintenance of the unit registry.

The annual Trustee fees are grossed up for GST and reduced by the RITCs allowed. The annual Trustee fees of the Fund (including GST and reduced by RITCs) are 1.52% (2014: 1.52%).

(d) Trustee fee rebate

A Trustee fee rebate is available for clients holding more than \$100,000. This rebate is a reduction in the Trustee fee and is calculated on the value of each client's holding at the close of each month. The tiered Trustee fee rebate structure is as follows:

Net asset value	30 June 2015	30 June 2014
	Rebate %	Rebate %
First \$100,000	-	-
Next \$150,000	0.15%	0.15%
Next \$250,000	0.40%	0.40%
Next \$500,000	0.45%	0.45%
Next \$9M	0.85%	0.85%
Next \$15M	1.00%	1.00%
Over \$25M	1.05%	1.05%

The Public Trustee of Queensland Growth Trust

Notes to the financial statements
for the year ended 30 June 2015

12 Events occurring after the reporting period

As indicated in note 1, during June 2015 the Public Trustee determined to close the Public Trustee of Queensland Conservative Fund, the Public Trustee of Queensland Australian Equities Fund and the Public Trustee of Queensland Higher Growth Trust. The funds' terminations have resulted in clients' funds totalling \$28.6m being invested into the Public Trustee of Queensland Growth Trust during August 2015.

Apart from the matter outlined above, there were no significant events that have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2015 or on the results and cash flows of the Fund for the period ended on that date.

The Public Trustee of Queensland Growth Trust

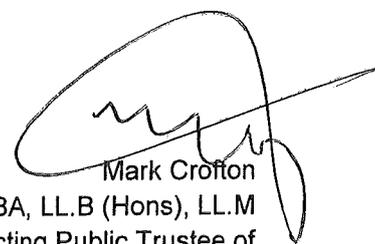
The Public Trustee of Queensland's Declaration

In the opinion of the Public Trustee of Queensland:

- a) These general purpose financial statements have been prepared pursuant to the Trust Deed Poll and any Supplemental Trust Deed Polls, the *Public Trustee Act 1978* (the Act) and other prescribed requirements;
- b) The prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- c) The statements present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Fund for the period ended 30 June 2015 and of the financial position of the Fund at the end of that year.



Tim Murphy
BBus, CA, F Fin
Executive Director Investment
Services & Chief Finance Officer



Mark Crofton
BA, LL.B (Hons), LL.M
Acting Public Trustee of
Queensland

Brisbane
21 August 2015

The Public Trustee of Queensland Growth Trust

INDEPENDENT AUDITOR'S REPORT

To the Trustee and Unit Holders of the Public Trustee of Queensland Growth Trust

Report on the Financial Report

I have audited the accompanying financial report of the Public Trustee of Queensland Growth Trust, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Public Trustee of Queensland and the Executive Director Investment Services and Chief Finance Officer.

The Trustee's Responsibility for the Financial Report

The trustee is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the requirements of the Trust Deed Poll of the Public Trustee of Queensland Growth Trust dated 10 July 1996 and the Supplemental Trust Deed Polls. The trustee's responsibility also includes such internal control as the trustee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

The Public Trustee of Queensland Growth Trust

Opinion

In accordance with the provisions of the Trust Deed Poll of the Public Trustee of Queensland Growth Trust dated 10 July 1996, I have audited the financial report of the Public Trustee of Queensland Growth Trust, and –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion, the financial report presents fairly, in all material respects, the financial position of the Public Trustee of Queensland Growth Trust as at 30 June 2015 and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



M J KEANE CA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

